METRO HOLDINGS LIMITED

ANNUAL REPORT

2007

美羅 METRO

Contents

Corporate
Profile

The Group owns and operates several prime retail and office properties in Beijing, Shanghai and Guangzhou, China and Penang, Malaysia. It also holds significant investments in certain property businesses in China.

Metro serves our customers through a chain of four Metro department stores in Singapore and another four department stores in Jakarta and Bandung, Indonesia. The Metro shopping brand is a familiar household name in the retail industry and offers a wide range of quality merchandise on display over 783,000 square feet of downtown and suburban retail space.

The Metro Group's two business arms are in property and retail. The Group's operations are spread out over some of the key cities of Singapore, Malaysia, China and Indonesia, and are supported by a team of 932 staff.

Chairman's Statement

Our newest property, Metro City, Beijing, was completed during the year and came on stream in late March 2007

Group turnover rose 5.7% from $202.6 million to $214.2 million with the retail division reporting higher sales. Profit before tax declined from $158.3 million to $81.7 million. An exceptional gain of $29.1 million was recognised on the disposal of about half of the Group's investment in Shui On Land Ltd ("SOL") shares whereas last year an exceptional gain of $118 million arose from the disposal of the Group's interest in the junior bonds and preference shares of Orchard Square Capital Assets Ltd, the securitisation vehicle for the Group's previously held 27% interest in Ngee Ann City.

The directors are pleased to propose a special gross dividend of 3 cents per share and a final gross dividend of 2 cents per share or $15.5 million and $10.3 million respectively, after deducting income tax.

Property

Our newest property, Metro City, Beijing, was completed during the year and came on stream in late March 2007 with a soft-launch of our anchor tenant's 270,000 square feet Parkson department store. The other tenants are opening progressively and another anchor, Walmart, will open its doors in autumn 2007. Over three quarters of this 910,000 square feet mall in East Beijing has been leased.

Our existing properties in China continued to report high occupancy rates and steady rental income.

With Gurney Plaza firmly established as Penang's premier retail mall, construction work has started on an extension to the mall which will add about 19% or 130,000 square feet of retail space by the end of 2008. This will help to meet the demand for prime retail space in Penang.

G Hotel welcomed its first guests in January 2007 and all the 304 rooms will be available soon. The hotel offers a variety of stylishly appointed suites and is conveniently located next to the vibrant Gurney Plaza retail mall.

Our portfolio investments in property-related businesses generated a growing stream of dividend and interest income. In addition, the sale of just under half of our holdings of SOL shares netted gains of $29.1 million, with the balance growing in value since SOL's initial public offering.

Retail

The retail division's continued efforts to build on its customer-centric culture, which included a bold re-branding initiative, helped it to achieve its aim of higher sales and margin.

Outlook

Rental income from the existing properties will remain stable whilst growth will come from the progressive launch of Metro City, Beijing. The property division will also continue to pursue investment and development opportunities in China.

Not withstanding the impending closure of Metro Tampines in August 2007, the retail division will seek to maintain the level of sales and operating margins.

On behalf of the Board, I would like to thank all our customers, business associates and shareholders for their support and our staff for their efforts and achievements.

Ong Tjoe Kim
Chairman

26 June 2007

Operations Review
Property

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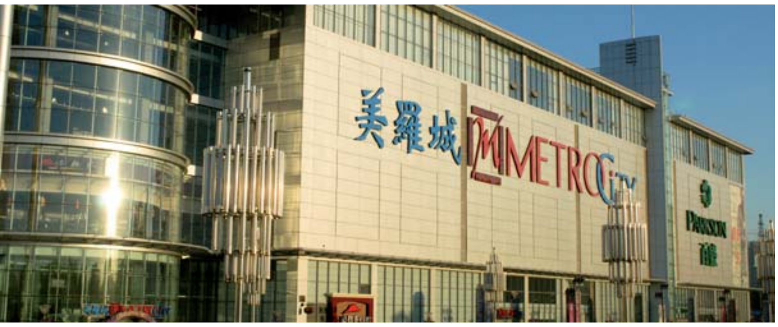
1 **Metro City, Beijing**
Beijing
2 **ICT Plaza, Urumqi**
Xinjiang
3 **Xintiandi, Shui On Land**
Shanghai
4 **Metro City, Shanghai**
Shanghai

The property division's turnover rose from $35.3 million to $35.9 million on the back of higher rental income of Metro City, Shanghai.

GIE Tower
Guangzhou



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1 **Metro City, Beijing**
Beijing
2 **G Hotel**
Penang
3 **Gurney Plaza**
Penang
4 **Metro Tower**
Shanghai
5 **Metro City, Shanghai**
Shanghai

Operations Review
Property

Metro City, Beijing
Beijing

In March 2007, the Metro Group's property division marked the completion of the jointly developed Metro City, Beijing, with the soft opening of the retail mall. Earlier, in January 2007, Gurney Park's G Hotel opened its doors for its first guests. Meanwhile, the division continued to operate two retail/leisure malls, Metro City in Shanghai and Gurney Plaza in Penang as well as two office properties, Metro Tower in Shanghai and GIE Tower in Guangzhou.

The property division's turnover rose from $35.3 million to $35.9 million on the back of higher rental income of Metro City, Shanghai. Profit before tax fell from $148.8 million last year to $68.7 million, as last year included exceptional gains of $118 million arising from the disposal of the Group's investment in 30% of the fixed income junior debt securities and preference shares issued by the special purpose vehicle that held the 27% interest in Ngee Ann City. For the current year, an exceptional gain of $29.1 million was recognised on the sale of part of the Group's holdings in Shui On Land Ltd.

Metro City, Beijing
Tenants
Baby Art Education Centre
Baskin Robbins 31 Flavours Ice Cream
BMW (Bao Ri Motor Sales Co.)
China Construction Bank
Enzo Jewellery
Girdear Fashion
Gome Electrical
Heng Chang Jewellery
HLG Coffee
KFC
Lucky Times Food Court
Parkson Department Store
Pierre Cardin
Pizza Hut
Walmart Supercentre

Metro City, Beijing

Metro City, Beijing, is a 910,000 square feet retail mall located in East Beijing, in the Chaoyang District. Chaoyang is a major district with a population of over 1.7 million. The central business district of Beijing has also expanded eastwards into the Chaoyang District.

Metro City, Beijing, a 50:50 joint venture, held a soft opening at the end of March 2007, with an anchor tenant launching its 270,000 square feet departmental store. Over three quarters of the mall has been leased and the other tenants are expected to commence operations by the third quarter of 2007, creating a premier lifestyle retail destination for the surrounding Beijing residents.

1
2

1 & 2 Metro City, Beijing
Beijing

Metro City, Shanghai

Strategically located at Xujiahui, Shanghai, Metro City, Shanghai is a lifestyle entertainment centre with 350,000 square feet of space. Xujiahui is a retail and leisure hub in south-west Puxi linked to major access roads and the Shanghai subway system that draws in very high shopper traffic.

Metro City, Shanghai offers a variety of leisure and lifestyle choices including a cineplex, an amusement centre, fitness centres and a wide array of dining options, but it has become especially well-known in Shanghai as a popular information technology centre. The retail mix also offers handphones, books, music and audio equipment. Metro City, Shanghai is fully tenanted. Rental income rose as our tenants' business improved and the retail mix is fine tuned. Ongoing asset enhancement exercises include plans to update the appearance of the complex.

Metro Tower, Shanghai

Metro Tower, a 26-storey, Grade-A office building located next to Metro City, Shanghai offers 423,000 square feet of space. The expansion needs of a strong multi-national tenant base, has ensured full occupancy of the building.

Metro City, Shanghai Tenants

BreadTalk
Burger King
Buynow Computer World
Haagen Dazs
Hannspree
Hao Le Di KTV
Itoya
KFC
Kodak Cinemas
Megabite
Metro Hi-Fi Centre
Physical Fitness & Beauty Centre
Pizza Hut
Popular Bookmall
Prima Taste
Sega World
Starbucks
Sushitei
Swensens
Watsons

Metro Tower, Shanghai Tenants

Agricultural Bank of China
AIA
Exxon Mobil
KFC
Microsoft
Pizza Hut
Swatch Group

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1 **Metro Tower and Metro City** *Shanghai*
2 **Metro City** *Shanghai*
3 **Metro City** *Shanghai*

Operations Review
Property

GIE Tower, Guangzhou

GIE Tower is located in Huanshi Road East, in the central business district of Dongshan, Guangzhou. The Group owns 306,000 square feet of Grade A office space in this building and enjoys over 90% occupancy.

Gurney Park, Penang

Gurney Plaza, which is over 98% occupied, has cemented its position as the most popular premier lifestyle shopping, dining and entertainment destination in Penang, Malaysia. The 700,000 square feet mall along the Gurney Drive esplanade has over 260 retail, entertainment and food and beverage outlets with a department store and supermarket as anchors. With continued high demand for retail space, construction work on the Gurney Plaza extension commenced in April 2007. The extension will add almost 130,000 square feet of leaseable space and several floors of carparking spaces on completion by the end of 2008.

G Hotel, the hotel component of Gurney Park, commenced hotel operations in January 2007 with a soft opening. This minimalist-styled hotel is unique to Penang and features a stunning atrium lobby filled with designer furniture. By mid 2007, the final one-third of the stylishly appointed rooms will be available, offering 16 different types of suites.

GIE Tower, Guangzhou Tenants

Ericsson
Jebsen
KPMG
Schneider Electric
Sony
Xin Li Zi Wan Restaurant

Gurney Plaza, Penang Tenants

British India
Celebrity Fitness
Cold Storage
Esprit
Food Loft
Golden Screen Cinemas
Makan Makan
Mekio
MPH Bookstores
Padini
Parkson Grand
Popular Bookshop
Redbox Karaoke
Reject Shop
Rozzini
Senq
Toys "Я" Us
World of Sports

1 **GIE Tower** *Guangzhou*
2 **Gurney Plaza** *Penang*
3 **G Hotel** *Penang*

Investments

The Group owns about 1.8% of Shui On Land Ltd ("SOL") which was received on the conversion of convertible redeemable participating preference shares into ordinary shares upon the initial public offering ("IPO") of SOL in October 2006. The Group's interest in another 1.7% of SOL has been sold at the IPO. The Group also holds US$27 million of bonds issued by SOL. SOL is a leading property developer in China, focusing on city core, large-scale, urban mixed use developments and integrated residential development projects.

The Group has invested US$33 million in International Commerce and Trade Plaza ("ICT Plaza"), a 290,000 square metres wholesale commercial trade center in Urumqi, Xinjiang, China. Urumqi is the commercial and trade center of Xinjiang and the Central Asian region. The investment is structured so as to generate a fixed flow of dividend and interest income.

Other investments include holdings of bonds issued by the majority owners of the 360-room 5-star Crowne Plaza hotel and a mixed-use retail/hotel proposed development, both in Beijing, China.

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1 **ICT Plaza, Urumqi**
Xinjiang
2 **Crowne Plaza**
Beijing
3 **Taipingqiao, Shui On Land**
Shanghai

Operations Review
Retail

1	2
4	3

1 **Metro Sengkang** *Singapore*
2 **Metro Paragon** *Singapore*
3 **Metro Paragon** *Singapore*
4 **Metro Woodlands** *Singapore*

Metro Woodlands
Singapore

1 **Metro Senayan Square**
Indonesia
2 **Metro Paragon**
Singapore
3 **Metro Paragon**
Singapore
4 **Metro Pondok Indah**
Indonesia

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Metro embarked on a bold re-branding initiative to relate to the current generation of shoppers and update its image to the current times.

Operations Review
Retail

Overall Business Review

Singapore

Sales volume of the four Metro department stores continued to show growth over the previous financial year. Profit performance improved accordingly.

Indonesia

With the Indonesian economy stagnating in the earlier part of our financial year, sales at the associate business in Indonesia grew marginally. Contribution to the Group's profit performance continued to be positive.

Singapore Department Stores
Metro Paragon
Metro Tampines
Metro Woodlands
Metro Sengkang

Indonesia Department Stores
Metro Pondok Indah
Metro Senayan Square
Metro Bandung Supermall
Metro Taman Anggrek

Merchandising and Marketing

Metro embarked on a bold re-branding initiative to relate to the current generation of shoppers and update its image to the current times. It has aligned its merchandise offerings to differentiate Metro Paragon (the more upmarket outlet) from the suburban stores. This effort will continue as we seek to provide shopping experiences that are relevant to the unique needs of our downtown and suburban customers. We will work closely with our business associates to continue to improve gross margin and merchandise offering to our customers.

Mindful of its social obligations, Metro gives back to the community and since 2001 has partnered Singapore International Foundation to raise funds for Asia's disadvantaged children and women. With the support of our customers, the partnership has to-date raised about $820,000 for the less fortunate.

1 | 2
3

1 **Metro Bandung Supermall, Ladies' Department**
Indonesia
2 **Metro Woodlands, Children's Department**
Singapore
3 **Metro Pondok Indah, Household Department**
Indonesia

Metro Woodlands, Customer Service
Singapore

Human Resource

To uphold customer service standards, upgrading of our most valuable asset, our people, will continue. Other than training, a second tier commission scheme tied to sales performance for both front line and back end associates is in place. Events promoting balanced work life and healthy lifestyle are in place and associates are encouraged to participate.

At the individual level, the number of associates nominated for the 'Excellence Service Award' jumped by 50%. Metro clinched the 'Life Long Learning' and the 'Singapore Health Bronze' awards. Metro Paragon was a finalist in the '2006 Tourism Shopping Experience Award (Department Stores)'.

Outlook

For the year ahead, the retail division will continue to contribute positively though it will operate three department stores as from mid–August 2007 in Singapore with the closure of Metro Tampines then. The three department stores in Singapore and four in Indonesia seek to show improved sales and profit contribution even as we celebrate our 50th Anniversary in Singapore. Efforts to expand the business operations in Indonesia will see the opening of an additional department store in Jakarta in the third financial quarter.

1 | 2 / 3

1 Metro Sengkang, Men's Department
Singapore
2 Metro Paragon, Cosmetics Department
Singapore
3 Metro Paragon, Ladies' Department
Singapore

Financial Review

Performance

Group turnover for the year rose 5.7% to $214.2 million from $202.6 million last year. Sales of the department store business in Singapore was higher by 6.6% at $179.5 million. Rental income of the property division increased slightly from $35.3 million to $35.9 million. Property contributed 16% and retail 84% of total Group revenue.

The property division's profit before tax declined to $68.7 million from $148.8 million last year. This year, an exceptional gain of $29.1 million was realised on the sale of half of the Group's holdings of shares in Shui On Land Ltd ("SOL") on its initial public offering. Exceptional gains last year included $118 million arising from the disposal of the Group's 30% interest in the securitisation vehicle for the Group's previously held 27% interest in Ngee Ann City. Operating profit before exceptional items was $36.7 million, an increase of 26.9% over the previous year's $28.9 million as income flow from portfolio investments continued to grow.

With higher sales, the retail division's profit before tax increased from $9.5 million to $13.0 million, a rise of 37.6%.

Assets

Total Group assets increased to $1,111.6 million from $906.9 million. During the year, the Group acquired a 50% stake in Metro City, Beijing, which was completed and revalued as at 31 March 2007 with Metro's 50% interest at $169.7 million. Metro Tower, Shanghai, was also revalued with our 60% share at $98.7 million against cost of $53.6 million last year.

68.1% of total Group assets are invested in China. Assets of the property division totalled $1,038.6 million or 93.4% whilst assets of the retail division was $73 million or 6.6%.

Shareholders' Equity

Group shareholders' funds increased to $791.7 million as at 31 March 2007 from $652.8 million at 31 March 2006. Surpluses on revaluation of investment properties and gains on the investment in SOL accounted for most of the increase. The Group's net asset value per share rose to $1.26 against $1.03 last year.

Gearing

The Group's gearing (total liabilities) rose from 0.38 to 0.39, with a net cash position of 0.1 times of equity.

Financial Highlights

	2007 $'000	2006 $'000	% Change
Profit and Loss Accounts			
Turnover	**214,168**	202,607	5.71
Net profit before tax	**81,701**	158,263	(48.38)
Net profit attributable to shareholders	**68,683**	148,368	(53.71)
Balance Sheets			
Total assets	**1,111,557**	906,888	22.57
Total borrowings	**138,551**	134,498	3.01
Shareholders' funds	**791,707**	652,756	21.29
Financial Ratios			
Earnings per share after tax and minority interests (cents) - continuing	**10.89**	23.66	(53.98)
Return on shareholders' funds (%)	**9.51**	23.66	(59.81)
Return on total assets (%)	**6.81**	17.35	(60.75)
Dividends			
Final net dividend per share (cents)	**1.64**	1.60	2.50
Special net dividend per share (cents)	**2.46**	2.40	2.50
Dividend cover (times)	**2.66**	5.92	(55.07)
Net assets per share ($)	**1.26**	1.03	22.33
Debt/Equity ratio (net of cash) (times)	**(0.12)**	(0.20)	(40.00)
Interest cover (times)	**14.34**	32.90	(56.41)

Five-Year Financial Summary

	2007	2006	2005	2004	2003
Financial Results ($'000)					
Turnover	**214,168**	202,607	187,229	217,521	240,512
Profit from operating activities before exceptional items and tax	**49,722**	38,391	32,156	19,842	41,131
Exceptional items	**31,979**	119,872	3,430	203,574	7,527
Net profit from operating activities before tax	**81,701**	158,263	35,586	223,416	48,658
Taxation	**(10,786)**	(8,889)	(6,978)	(727)	(9,700)
Profit from continuing operations after taxation	**70,915**	149,374	28,608	222,689	38,958
Profit/(loss) from discontinued operations	**-**	6,060	3,849	(331)	(1,057)
	70,915	115,434	32,457	222,358	37,901
Minority interests	**(2,232)**	(1,006)	(1,408)	217	556
Net profit attributable to shareholders	**68,683**	154,428	31,049	222,575	38,457
Net final dividend proposed	**10,345**	10,092	10,092	10,092	9,840
Net special dividend proposed	**15,517**	15,139	-	73,801	-
Balance Sheets ($'000)					
Property, plant and equipment	**109,980**	112,962	174,615	135,004	136,859
Investment properties	**356,759**	88,003	89,017	89,582	635,549
Non-current assets	**266,208**	289,940	247,904	102,230	21,177
Current assets	**378,610**	415,983	301,997	369,915	128,313
Total assets	**1,111,557**	906,888	813,533	696,731	921,898
Current liabilities	**(203,623)**	(128,035)	(134,008)	(116,747)	(211,311)
Long term and deferred liabilities	**(107,671)**	(117,602)	(62,033)	(57,533)	(118,499)
Total net assets	**800,263**	661,251	617,492	522,451	592,088
Financed by:					
Share capital	**126,155**	126,155	126,155	126,155	126,155
Reserves	**665,552**	526,601	482,888	394,002	464,905
Shareholders' funds	**791,707**	652,756	609,043	520,157	591,060
Minority interests	**8,556**	8,495	8,449	2,294	1,028
	800,263	661,251	617,492	522,451	592,088

	2007	2006	2005	2004	2003
Financial Ratios					
Earnings per share after tax, minority interests and extraordinary items (cents)^	**10.89**	23.66	4.34	35.27	6.18
Earnings per share after tax, minority interests but before extraordinary items (cents)^	**10.89**	23.66	4.34	35.27	6.18
Return on shareholders' funds (%)^*	**9.51**	23.66	4.85	40.04	6.79
Return on total assets (%)^*	**6.81**	17.35	3.63	27.49	4.24
Dividends proposed					
Final net dividend per share (cents)	**1.64**	1.60	1.60	1.60	1.56
Special net dividend per share (cents)	**2.46**	2.40	-	11.70	-
Dividend cover (times)^	**2.66**	5.92	2.71	2.65	3.96
Net assets per share ($)	**1.26**	1.03	0.97	0.82	0.94
Debt/equity ratio (net of cash) (times)	**(0.12)**	(0.20)	(0.08)	(0.29)	0.29
Total liabilities to shareholders' funds (times)	**0.39**	0.38	0.32	0.34	0.56
Interest cover (times)^	**14.34**	32.90	26.59	102.38	10.20

Notes

^ *The financial ratios are based on continuing operations.*

* *In calculating return on shareholders' funds and return on total assets, the average basis has been used.*

Group Corporate **Structure**

METRO

Portfolio of Properties

Properties/Location	Tenure	Site area (sqm)	Lettable area (sqm)	Percentage owned by the Group
Property, plant and equipment				
Retail				
Metro City, Shanghai, China A 9-storey entertainment centre along Zhao Jia Bang Road, Shanghai	36 year term from 1993	15,342	33,143	60%^
Industrial				
Warehouse, Singapore A single-storey warehouse & 3-storey office annexe along Pasir Panjang Road, Singapore	Freehold	2,971	1,747	100%
Investment Properties				
Retail				
Metro City, Beijing, China A 5-storey 2-basement retail mall along East 4th Ring Road, Beijing	40 year term from 2004	32,484	84,876	50%
Office				
GIE Tower, Guangzhou, China Part of a 7-storey shopping podium & 35-storey office tower along Huan Shi Dong Road, Guangzhou	50 year term from 1994	-	Commercial-10,029* Office-18,361*	100%
Metro Tower, Shanghai, China A 26-storey office building along Tian Yao Qiao Road, Shanghai	50 year term from 1993	5,247	39,295*	60%
Associated Companies				
Retail				
Gurney Plaza, Penang, Malaysia A 8-storey 2-basement retail mall along Gurney Drive, Penang	Freehold	31,413	64,585	49%
Hotel				
G Hotel, Penang, Malaysia A 304-room hotel along Gurney Drive, Penang	Freehold	6,191	304 rooms	49%

Properties/Location	Tenure	Site area (sqm)	Potential Lettable area (sqm)	Percentage owned by the Group	Stage of development at June 2007/ Expected completion
Properties under development					
Gurney Plaza Extension, Penang, Malaysia A 8-storey 1-basement retail mall along Gurney Drive, Penang	Freehold	7,660	12,000	49%	12%/Late 2008

Notes

* *Gross saleable/lettable*

^ *Contractual joint venture*

Board of Directors

Ong Tjoe Kim[1]
Executive Chairman

Mr Ong Tjoe Kim is the Chairman of Metro Holdings Limited ("Metro"). He has served as Chairman of Metro since its incorporation and listing on the Stock Exchange of Singapore in 1973. He has extensive experience in the retail trade, having founded the first Metro store in High Street in 1957.

Jopie Ong Hie Koan[2]
Group Managing Director

Mr Jopie Ong is the Group Managing Director of Metro, a position he has held since 1973. He was previously the Chairman of Transmarco Limited as well as a Director of Metrojaya Berhad, a company listed on the Kuala Lumpur Stock Exchange. Mr Ong joined Metro in 1964 and his experience at board level covers the retail, property development, construction, hotel and leisure industries.

Chan U Seek[3]
Director

Mr Chan U Seek has been a Director of Metro since 1973. He has over 50 years of experience covering a wide spectrum of trading in Southeast Asia in products ranging from native produce to defence equipment and aviation, and manufacturing of optics.

Jackson Lee Chik Sin[4]

Director

Mr Jackson Lee has been a Director of Metro since 1983. He was the Chief Executive of Transmarco Limited from December 1983 until 1995 when Metro disposed of its controlling interest in that company. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Mr Lee also serves on the boards of City e-Solutions Ltd, Hong Leong Finance Ltd and Hong Fok Corporation Ltd. Mr Lee is a Fellow of the Institute of Chartered Accountants in Australia.

Lee Khoon Choy[5]

Director

Mr Lee Khoon Choy was appointed Director of Metro in 1991. He is the Chairman of Eng Lee Investment Consultants Private Limited as well as a Director of Koh Brothers Group Ltd. Mr Lee has served as Singapore's Senior Minister of State (Foreign Affairs and Prime Minister's Office) and has been Singapore's Ambassador to eight countries – Egypt, Yugoslavia, Ethiopia, Pakistan, Lebanon, Indonesia, Japan and South Korea. He holds a Diploma in Journalism from London Polytechnic and was awarded honorary professorship by the China Academy of Social Science.

Phua Bah Lee[6]

Director

Mr Phua Bah Lee joined the Board of Metro in 1993. He is also a Director of GP Batteries International Ltd, GP Industries Ltd, Pan United Corporation Ltd, QAF Ltd, Singapura Finance Ltd and Wing Tai Holdings Ltd. He was the Parliamentary Secretary of the Ministry of Communications from 1968 to 1971 and Senior Parliamentary Secretary of the Ministry of Defence from 1972 to 1988. He was a Member of Parliament for the Tampines Constituency from 1968 to 1988. He graduated from the Nanyang University, Singapore, with a Bachelor of Commerce degree.

Lt-Gen (Retd) Winston Choo Wee Leong

Director (Appointed in June 2007)

Lt-Gen (Retd) Winston Choo Wee Leong had a distinguished military career from 1959 to 1992 and was Singapore's Chief of Defence Force from 1974 to 1992. He served as Singapore's High Commissioner to Australia and concurrently Ambassador to Fiji from 1994 to 1997. He also served as Singapore's Non-Resident High Commissioner to the Republic of South Africa and the Independent State of Papua New Guinea from 2000 to 2006. He is currently Singapore's Non-Resident Ambassador to the State of Israel and the Chairman of the Singapore Red Cross Society.

Lt-Gen Choo is an experienced company director, having served on the Boards of several listed companies since 1993. He is a member of the Board of Directors of Australand Holdings Limited, Foodfare Catering Pte Ltd and Cougar Logistics Corporation Ltd. He is also the Chairman/Director of Tridex Pte Ltd, WOW Vision Pte Ltd and Fairvision Pte Ltd.

Lt-Gen Choo holds a Master of Arts in History from Duke University, USA and has completed the Advance Management Programme at Harvard University, USA.

Gerald Ong Chong Keng

Director (Appointed in June 2007)

Gerald Ong Chong Keng is currently the Chief Executive Officer of PrimePartners Corporate Finance Group and has some 20 years of corporate finance related experience. He has held senior positions at various financial institutions including NM Rothschilds & Sons (Singapore) Ltd, the DBS Bank Group, Tokyo-Mitsubishi International (Singapore) Pte Ltd and Hong Leong (Malaysia) Group. During his time with these institutions, Gerald's duties encompassed the provision of a wide variety of Corporate Finance services from advisory, M&A activities and fund raising exercises incorporating various structures such as equity, debt, equity-linked and derivative-enhanced issues structured to raise funding at competitive rates. He is an alumnus of the National University of Singapore, University of British Columbia and Harvard Business School and is a non-executive director and Audit Committee Chairman of Transmarco Limited.

Messrs. Ong Tjoe Kim, Chan U Seek, Jackson Lee Chik Sin, Lee Khoon Choy and Phua Bah Lee were last re-elected at Metro Holdings Ltd's Annual General Meeting on 21 July 2006.

Key Management

Ong Tjoe Kim

Executive Chairman

Mr Ong Tjoe Kim has served as Chairman of Metro, providing vision and guidance since its incorporation and listing on the Stock Exchange of Singapore in 1973. He has extensive experience in the retail trade, having founded the first Metro store in High Street in 1957.

Jopie Ong Hie Koan

Group Managing Director

Mr Jopie Ong has been the Group Managing Director of Metro since 1973. In this position, he has full executive responsibility over the business directions and operational affairs of the Metro Group.

Mr Ong joined Metro in 1964 and was responsible for growing the retail division, introducing into Singapore key luxury brands such as Cartier and Piaget. Under his guidance, Metro obtained its listed status in 1973. He was also instrumental in the setting up and listing of Transmarco Limited, a group that dealt in luxury brands, watches and computers and of which he assumed chairmanship. He also acted as Director of the listed Metrojaya Berhad, which operated the Metro retail arm in Malaysia, prior to its divestment. Mr Ong's experience at board level covers the retail, property development, construction, hotel and leisure industries.

Lawrence Chiang Kok Sung

Group General Manager

Mr Lawrence Chiang was redesignated as Group General Manager in April 2007 from his previous position as Head, Corporate Affairs and Special Projects of the Metro Group. He holds a key role in the Group's investment strategy and business development and in this role, he has initiated and overseen the completion of the Group's property development projects and joint ventures in Singapore, Malaysia and China. Whilst assuming overall responsibility for the Group's operations, he continues to directly oversee the operations of the Group's property division.

Prior to his current position, Mr Chiang was the Group's financial controller, a position he held after joining Metro in 1989. He has more than 30 years of working experience in industries involved in property development and management, retail and department stores, cruise, hotel and trading operations. Mr Chiang is a member of the Institute of Chartered Accountants of New Zealand and Fellow of the Institute of Certified Public Accountants of Singapore, ACCA and the Institute of Chartered Secretaries and Administrators.

Wong Sioe Hong

Managing Director, Metro (Private) Limited

As Managing Director of Metro (Pte) Ltd since 1994, Mrs Wong has overall responsibility for all of the operations of the retail division of the Metro Group in Singapore and Indonesia. She also serves as the Vice President of the Singapore Retailers Association as well as the Vice Chairman of the Orchard Road Business Association.

Mrs Wong first joined Metro's retail organisation in 1971. Prior to her appointment as Managing Director, she was the Director of Merchandise for the previous 15 years. She has played an instrumental role in transforming the Metro retail arm into a major retail operator in Singapore and continues to oversee the Group's retail expansion in the region. Mrs Wong holds a Bachelor of Science (Commerce) from the University of Santa Clara, USA.

David Lee Chin Yin

Group Financial Controller and Joint Company Secretary

Mr David Lee has been Group Financial Controller of the Metro Group since 1995. He has overall responsibility for the Group's finance, accounting, treasury and tax functions. Mr Lee joined the Metro Group in 1991 as its Group Internal Audit Manager after 15 years in the public accounting profession. Mr Lee is a member of the Institute of Chartered Accountants in England & Wales and the Institute of Certified Public Accountants of Singapore.

Corporate Governance Report

Metro Holdings Limited ("Metro" or "the Company") is committed to high standards of corporate governance. This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance ("Code"), pursuant to Rule 710 of the Listings Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

BOARD MATTERS

Principle 1 : Board's Conduct of its Affairs

The Board oversees the business affairs of the Group and sets overall corporate strategy and direction. It approves the Group's strategic plans, key business initiatives and financial objectives, major investment and divestment and funding proposals. The Board also monitors operating and financial performance and oversees the processes for risk management, financial reporting and compliance and evaluating the adequacy of internal controls. It approves nominations to the Board of Directors. Matters specifically reserved for Board's decisions are those involving material acquisitions and disposal of assets, corporate or financial restructuring, share issuances and dividends. The Board has adopted a set of internal guidelines on these matters. The Board has delegated certain of its functions to the Nominating, Audit and Remuneration Committees.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings can be convened as warranted by circumstances. Management has access to the directors for guidance or exchange of views outside of the formal environment of the Board meetings.

Directors are briefed on regulatory changes, especially those on the Company's or director's disclosure obligations. In order to ensure that the Board is able to fulfill its responsibilities, prior to the Board meetings, the Management provides the Board with information containing relevant background or explanatory information required to support the decision-making process.

Newly-appointed directors will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices.

Principle 2 : Board Composition and Guidance

The Board comprised 6 directors. The Chairman, Mr Ong Tjoe Kim, and Group Managing Director, Mr Jopie Ong Hie Koan are the executive directors. The four non-executive and independent directors are Mr Chan U Seek, Mr Jackson Lee Chik Sin, Mr Lee Khoon Choy and Mr Phua Bah Lee. The board size has been increased by two new non-executive and independent directors, Lt-Gen (Retd) Winston Choo Wee Leong and Mr Gerald Ong Chong Keng who have been appointed recently.

The Board considers the Board's present size and composition appropriate taking into account the nature and scope of the Group's operations, the depth and breadth of knowledge, expertise and business experiences of the directors to govern and manage the Group's affairs and that more than two-third of the Board size is independent.

The Board has no dissenting view on the Chairman's statement for the year in review.

Principle 3 : Chairman and Group Managing Director

The roles of Chairman and Group Managing Director are separate. The Group Managing Director is the son of the Chairman. The Chairman provides overall vision and strategic guidance and bears responsibility for the workings of the Board. The daily running of the Group is left to the Group Managing Director who bears full executive responsibility for the Group's operations. The Group Managing Director need not retire by rotation as provided by the Articles of Association of the Company.

The Chairman assumes the responsibilities of scheduling and preparing agendas for Board meetings and exercises control over the quality, quantity and timeliness of information flow between the Board and Management.

Corporate Governance Report

Principle 4 : Board Membership

Principle 5 : Board Performance

The Nominating Committee comprised three directors, two of whom, including the Chairman, are independent directors. The Committee Chairman is Mr Phua Bah Lee and the other members are Mr Jopie Ong Hie Koan and Mr Jackson Lee Chik Sin. A new independent director, Lt-Gen Winston Choo Wee Leong, has recently been appointed to the Nominating Committee.

The Nominating Committee recommends all appointments and re-nominations of directors to the Board and Board committees. The Company's Articles of Association provide for one-third of the directors, except for the Group Managing Director, to retire by rotation and be subject to re-election at every Annual General Meeting. A newly appointed director must also subject himself for retirement and re-election at the Annual General Meeting immediately following his appointment.

The Nominating Committee also determines the independence of directors and evaluates and assesses the effectiveness of the Board taking into consideration appropriate performance criteria.

The Board, through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Informal reviews of a Board's member's performance are undertaken on a continuous basis by the Nominating Committee with inputs from the other Board members and the Group Managing Director. Renewals or replacement of Board members do not necessarily reflect their contributions to-date, but may be driven by the need to position or shape the Board to be in line with the medium-term needs of the Company and its businesses.

Principle 6 : Access to Information

Directors are given full access to the management team and Company Secretary, all Board and Board committees' minutes and all approval and information papers. Where a decision has to be made before a formal Board meeting is scheduled, a circulating Directors Resolution is done in accordance with the Company's Articles of Association and all necessary information is provided. The Company supports the directors, either individually or as a group, if they require independent professional advice in furthering their duties to the Company. The Company Secretary attends Board meetings of the Company.

REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies

Principle 8 : Level and Mix of Remuneration

Principle 9 : Disclosure on Remuneration

The Remuneration Committee is chaired by Mr Chan U Seek with Mr Jackson Lee Chik Sin and Mr Phua Bah Lee as members. All are non-executive and independent directors. A new non-executive and independent director, Lt-Gen (Retd) Winston Choo Wee Leong, has recently been appointed to the Remuneration Committee.

The Remuneration Committee reviews and recommends to the Board the framework of remuneration for key executives and for directors serving on the Board and Board committees. The review of specific remuneration packages includes fees, salaries, bonuses and incentives. Executive directors have service contracts which includes terms for termination under appropriate notice. Non-executive directors are remunerated based on basic fees for serving on the Board and Board committees as are the executive directors. Such fees are recommended for approval by shareholders as a lump sum payment at the Annual General Meeting.

Corporate Governance Report

The Remuneration Committee has access to expert professional advice on remuneration matters whenever there is a need to obtain such advice.

Breakdown of directors remuneration (in percentage terms) for current financial year:

	Base Salary/ Directors' Fees	Performance-Related/ Bonuses
Ong Tjoe Kim	84%	16%
Jopie Ong Hie Koan	22%	78%
Chan U Seek	100%	-
Jackson Lee Chik Sin	100%	-
Lee Khoon Choy	100%	-
Phua Bah Lee	100%	-

Number of directors in remuneration bands:

	Executive Directors		Non-executive Directors	
	2007	2006	2007	2006
$10,750,000 to $10,999,999	-	1	-	-
$5,250,000 to $5,499,999	1	-	-	-
$750,000 to $999,999	1	1	-	-
Below $250,000	-	-	4	4
	2	2	4	4

Number of top five executives in remuneration bands:

	2007
$1,000,000 to $1,249,999	1
$500,000 to $749,999	2
$250,000 to $499,999	2
	5

Number of employees who are immediate family members of the Chairman and Group Managing Director in remuneration bands:

	2007
$500,000 to $749,999	1
$250,000 to $499,999	1
Below $250,000	1
	3

The Company does not have a share option scheme.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

Principle 11 : Audit Committee

Principle 12 : Internal Controls

Principle 13 : Internal Audit

The Company has implemented quarterly financial reporting. It also provides the directors with management accounts on a monthly basis.

The Audit Committee comprises of four non-executive independent directors. It is chaired by Mr Jackson Lee Chik Sin and the members are Mr Chan U Seek, Mr Lee Khoon Choy and Mr Phua Bah Lee. The Audit Committee has full authority to investigate matters relating to the Group and any matters within its terms of reference.

The Audit Committee reviews the scope, the audit plan, the results and effectiveness of the External and Internal Auditors. The internal audit function, which is outsourced to KPMG, reports directly to the Audit Committee. It also reviews the independence and objectivity of the External Auditors taking into consideration the non-audit services provided to the Company. It has reviewed the effectiveness of the system of internal controls with the External and Internal Auditors and is satisfied that there are adequate internal controls.

In addition, the Group has also put in place appropriate risk management policies and processes to evaluate the operating, investment and financial risks of the Group. In evaluating a new investment proposal or business opportunity, several factors will be considered by management and the Board before a decision is being taken. These factors, which are essentially designed to ensure that the rate of returns commensurate with the risk exposure taken, including evaluating (i) return on investment; (ii) the pay back period; (iii) cash flow generated from the operation; (iv) potential for growth; (v) investment climate; and (vi) political stability.

The main areas of financial risk faced by the Group are foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. Further details of the financial risks and how the Group manages them are set out on page 90 of the annual report.

Quarterly and full year results are reviewed by the Audit Committee prior to their submission to the Board as are interested person transactions. Provision is made at least once annually for the Audit Committee to meet with the External and Internal Auditors without the presence of management.

The Audit Committee has undertaken a review of fees paid to the External Auditors for non-audit services and is satisfied with the independence and objectivity of the External Auditors. It has recommended to the Board the re-appointment of Ernst & Young as the External Auditors.

The Audit Committee has also approved the implementation of "Whistle-Blowing" arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up action.

COMMUNICATION WITH SHAREHOLDERS

Principle 14 : Communication with Shareholders

Principle 15 : Greater Shareholder Participation

Corporate Governance Report

The Company does not practise selective disclosure. Shareholders are kept informed of the developments in the Group's businesses and operations through announcements via SGXNET as well as through the annual report. Announcements are made as soon as possible to ensure timely dissemination of the information to shareholders and the public.

The participation of shareholders is encouraged at the Company's general meetings. The Board and Management are on hand at these meetings to address any questions that shareholders may have concerning the Company. The External Auditors are also present to assist the Board in answering the relevant shareholders' queries.

To facilitate voting by shareholders, the Company's Articles allow shareholders to vote by proxies. Proxy forms can be sent to the Company by mail. At the Annual General Meetings, each distinct issue is voted via separate resolutions.

DEALINGS IN SECURITIES

The Group has adopted an internal code which prohibits dealings in securities of the Company by directors and employees while in possession of price-sensitive information, and during the period beginning two weeks and one month before the announcement of the quarterly and annual results respectively, and ending on the date of announcement.

It also discourages dealings on short term considerations. Directors and employees are required to report securities dealings to the Company Secretary who will assist to make the necessary announcements.

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Jopie Ong Hie Koan / Ong Tjoe Kim Rental and property management income from a company in which the interested persons have an interest	129	N.A.

There were no other interested person transactions conducted during the current financial year.

MATERIAL CONTRACTS

Except for the benefits under service contracts disclosed in Note 6 of the Notes to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the Chief Executive Officer (as defined in the SGX-ST Listing Manual), each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Corporate Governance Report

BOARD COMPOSITION

As at 26 June 2007

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Ong Tjoe Kim	Chairman	-	-	-
Jopie Ong Hie Koan	Member	-	Member	-
Chan U Seek	Member	Member	-	Chairman
Jackson Lee Chik Sin	Member	Chairman	Member	Member
Lee Khoon Choy	Member	Member	-	-
Phua Bah Lee	Member	Member	Chairman	Member
Lt-Gen (Retd) Winston Choo Wee Leong	Member	-	Member	Member
Gerald Ong Chong Keng	Member	-	-	-

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR

	MHL Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Ong Tjoe Kim	4	1	-	-	-	-	-	-
Jopie Ong Hie Koan	4	4	-	-	1	1	-	-
Chan U Seek	4	4	4	4	-	-	1	1
Jackson Lee Chik Sin	4	4	4	4	1	1	1	1
Lee Khoon Choy	4	3	4	3	-	-	-	-
Phua Bah Lee	4	4	4	4	1	1	1	1

Contents

Report of Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Metro Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2007.

DIRECTORS

The directors of the Company in office at the date of this report are :-

Ong Tjoe Kim	(Chairman)
Jopie Ong Hie Koan	(Group Managing Director)
Chan U Seek	
Jackson Lee Chik Sin	
Lee Khoon Choy	
Phua Bah Lee	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), an interest in shares of the Company as stated below :

	Shareholdings registered in the name of the directors		Shareholdings in which the directors are deemed to have an interest	
Name of director	**As at 1.4.2006**	**As at 31.3.2007**	**As at 1.4.2006**	**As at 31.3.2007**
	Number of ordinary shares			
Ong Tjoe Kim	40,448,160	40,448,160	134,656,604	138,471,060
Jopie Ong Hie Koan	–	–	184,371,648	188,810,104
Chan U Seek	–	–	2,670,996	2,670,996
Phua Bah Lee	–	–	60,480	60,480

There was no change in any of the abovementioned interests between the end of the financial year and 21 April 2007.

By virtue of Section 7 of the Act, Mr Ong Tjoe Kim and Mr Jopie Ong Hie Koan with the above shareholdings are deemed to have interests in all the subsidiary companies of the Group.

No other director of the Company who held office at the end of the financial year had an interest in any other shares of the Company's subsidiary companies.

Report of Directors

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Act except those disclosed in Note 6 to the financial statements.

AUDIT COMMITTEE

The Audit Committee comprises non-executive and independent directors, Mr Jackson Lee Chik Sin, who chairs the Audit Committee, Mr Chan U Seek, Mr Lee Khoon Choy and Mr Phua Bah Lee.

The Committee meets at least four times a year and performs its functions in accordance with the Act.

The Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting and financial controls. The Committee also reviews the annual financial statements of the Company and of the Group and the auditors' report thereon before submission to the Board, as well as interested person transactions. All major findings and recommendations are brought to the attention of the Board of Directors.

The Committee has also reviewed the fees paid to the external auditors and are of the opinion that their independence has not been impaired.

The Committee recommends that Ernst & Young be nominated for re-appointment as auditors at the forthcoming Annual General Meeting.

AUDITORS

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,

Ong Tjoe Kim
Chairman

Jopie Ong Hie Koan
Group Managing Director

Singapore
8 June 2007

Statement by Directors
Pursuant to Section 201(15) of the Singapore Companies Act, Cap. 50

We, Ong Tjoe Kim and Jopie Ong Hie Koan, being two of the directors of Metro Holdings Limited, do hereby state that, in the opinion of the directors :

(i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

Ong Tjoe Kim
Chairman

Jopie Ong Hie Koan
Group Managing Director

Singapore
8 June 2007

Independent Auditors' Report
to the Members of Metro Holdings Limited

We have audited the accompanying financial statements of Metro Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 34 to 99, which comprise the balance sheets of the Group and the Company as at 31 March 2007, the statements of changes in equity of the Group and the Company, and the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
8 June 2007

Consolidated
Profit and Loss Account for the financial year ended 31 March 2007

(In Singapore dollars)

	Note	2007 $'000	2006 $'000
Continuing operations			
Revenue	3	**214,168**	202,607
Cost of revenue	4	**(181,453)**	(171,198)
Gross profit		**32,715**	31,409
Other income	5	**46,467**	38,308
General and administrative expenses		**(28,624)**	(27,847)
Profit from operating activities	6	**50,558**	41,870
Finance costs	7	**(6,123)**	(5,012)
Share of associated companies' results, net of tax		**5,287**	1,533
Exceptional items	8	**31,979**	119,872
Profit from continuing operations before taxation		**81,701**	158,263
Taxation	9	**(10,786)**	(8,889)
Profit from continuing activities after taxation		**70,915**	149,374
Profit from discontinued operations	10	**–**	6,060
Profit for the year		**70,915**	155,434
Attributable to :			
Shareholders of the Company		**68,683**	154,428
Minority interests		**2,232**	1,006
		70,915	155,434
		Cents	**Cents**
Earnings per share	11		
Basic and diluted - continuing operations		**10.89**	23.66
Basic and diluted - discontinued operations		**–**	0.82
		10.89	24.48

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets as at 31 March 2007

(In Singapore dollars)

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Non-current assets					
Property, plant and equipment	12	**109,980**	112,962	**4,800**	3,736
Investment properties	13	**356,759**	88,003	**–**	–
Subsidiary companies	14	**–**	–	**393,425**	427,000
Associated companies	15	**49,455**	53,655	**500**	500
Amounts due from associated companies	16	**27,158**	27,512	**25,548**	25,668
Investments	17	**189,595**	208,773	**–**	–
		732,947	490,905	**424,273**	456,904
Current assets					
Property held for sale	18	**–**	53,568	**–**	–
Inventories	19	**13,190**	13,923	**–**	–
Accounts receivable	20	**16,788**	17,721	**27,523**	29,796
Tax recoverable		**1,332**	1,327	**1,332**	1,327
Investments	17	**110,621**	60,755	**–**	–
Cash and bank balances	21	**236,679**	268,689	**31,227**	37,369
		378,610	415,983	**60,082**	68,492
Current liabilities					
Bank borrowings	22	**82,900**	47,604	**10,695**	11,407
Accounts payable	23	**110,053**	69,270	**33,847**	40,936
Provision for taxation		**10,670**	11,161	**–**	–
		203,623	128,035	**44,542**	52,343
Net current assets		**174,987**	287,948	**15,540**	16,149
Non-current liabilities					
Bank borrowings	22	**55,651**	86,894	**–**	–
Amounts owing to subsidiary companies	14	**–**	–	**270,161**	311,913
Deferred taxation	9	**52,020**	30,708	**479**	643
		(107,671)	(117,602)	**(270,640)**	(312,556)
Net assets		**800,263**	661,251	**169,173**	160,497
Equity attributable to equity holders of the Company					
Share capital	24	**126,155**	126,155	**126,155**	126,155
Reserves	25	**665,552**	526,601	**43,018**	34,342
		791,707	652,756	**169,173**	160,497
Minority interests		**8,556**	8,495	**–**	–
Total equity		**800,263**	661,251	**169,173**	160,497

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of
Changes in Equity for the financial year ended 31 March 2007

(In Singapore dollars)

		Group		Company	
		2007	2006	**2007**	2006
	Note	**$'000**	$'000	**$'000**	$'000
Share capital					
Balance at beginning and end of financial year	24	**126,155**	126,155	**126,155**	126,155
Revaluation reserve					
Balance at beginning of financial year					
- as previously reported		**84,603**	178,431	**2,001**	90,189
- effects of adopting FRS 27 and FRS 28		**–**	–	**–**	(88,188)
- as restated		**84,603**	178,431	**2,001**	2,001
Transfer from revenue reserve		**–**	11,949	**–**	–
Surplus on revaluation of investment properties	13	**74,024**	–	**–**	–
Deferred tax on revaluation of investment properties	9	**(18,246)**	–	**–**	–
Share of associated company's deferred tax on revaluation of land and buildings	9	**(9,444)**	–	**–**	–
Effect of changes in tax rates	9	**6,688**	–	**16**	–
Share of associated company's surplus on revaluation of land and buildings		**403**	–	**–**	–
Realisation of revaluation surplus transferred to profit and loss on					
- disposal of freehold property		**–**	(388)	**–**	–
- disposal of an associated company, net of deferred tax of $nil (2006 : $1,300,000) (note 9)		**–**	(5,199)	**–**	–
Realisation of prior year's revaluation surplus on an investment property on disposal of interest in an associated company		**–**	(100,190)	**–**	–
Balance at end of financial year	25	**138,028**	84,603	**2,017**	2,001
Fair value reserve					
Balance at beginning of financial year		**–**	–	**–**	–
Fair value adjustment on available-for-sale investments		**77,970**	–	**–**	–
Realised gain on disposal of available-for-sale investments transferred to profit and loss		**(29,458)**	–	**–**	–
Foreign currency translation for the year		**866**	–	**–**	–
Balance at end of financial year	25	**49,378**	–	**–**	–

Statements of
Changes in Equity for the financial year ended 31 March 2007

(In Singapore dollars)

		Group		Company	
		2007	2006	**2007**	2006
	Note	**$'000**	$'000	**$'000**	$'000
Foreign currency translation reserve					
Balance at beginning of financial year					
- as previously reported		**(8,684)**	(2,289)	**–**	(2,289)
- effects of adopting FRS 27 and FRS 28		**–**	–	**–**	(5,555)
- effects of adopting FRS 21		**–**	–	**–**	7,844
- as restated		**(8,684)**	(2,289)	**–**	–
Foreign currency translation for the financial year		**(7,304)**	(6,395)	**–**	–
Balance at end of financial year	25	**(15,988)**	(8,684)	**–**	–
Net gains/(losses) recognised directly in equity					
- revaluation reserve		**53,425**	(105,777)	**16**	–
- foreign currency translation reserve		**(7,304)**	(6,395)	**–**	–
- fair value reserve		**49,378**	–	**–**	–
Total gains/(losses) recognised directly in equity attributable to equity holders of the Company		**95,499**	(112,172)	**16**	–
Revenue reserve					
Balance at beginning of financial year					
- as previously reported		**450,682**	306,746	**32,341**	394,988
- effects of adopting FRS 27 and FRS 28		**–**	–	**–**	(347,349)
- effects of adopting FRS 21		**–**	–	**–**	(7,844)
- effects of adopting FRS 39		**–**	11,549	**–**	–
- as restated		**450,682**	318,295	**32,341**	39,795
Dividend paid, less income tax	26	**(25,231)**	(10,092)	**(25,231)**	(10,092)
Transfer to revaluation reserve		**–**	(11,949)	**–**	–
Profit attributable for the year		**68,683**	154,428	**33,891**	2,638
Balance at end of financial year	25	**494,134**	450,682	**41,001**	32,341
Total shareholders' equity		**791,707**	652,756	**169,173**	160,497
Total gains for the year attributable to equity holders of the Company		**164,182**	42,256	**33,907**	2,638

Statements of
Changes in Equity for the financial year ended 31 March 2007

(In Singapore dollars)

		Group		Company	
		2007	2006	**2007**	2006
	Note	**$'000**	$'000	**$'000**	$'000
Minority interests					
Balance at beginning of financial year		**8,495**	8,449	**–**	–
Net profit for the year		**2,232**	1,006	**–**	–
Foreign currency translation for the year		**(591)**	(328)	**–**	–
Quasi-equity loans (repaid)/granted to subsidiary companies		**(4,732)**	1,199	**–**	–
Disposal of subsidiary company		**–**	(1,713)	**–**	–
Disposal of property		**–**	(68)	**–**	–
Fair value adjustment on available-for-sale investments		**5,032**	–	**–**	–
Realised gain on disposal of available-for-sale investments transferred to profit and loss		**(1,880)**	–	**–**	–
Dividend paid to minority shareholders		**–**	(50)	**–**	–
Balance at end of financial year		**8,556**	8,495	**–**	–
Total gains/(losses) recognised directly in equity attributable to minority interests		**2,561**	(396)	**–**	–
Total gains for the year attributable to minority interests		**4,793**	610	**–**	–
Total equity		**800,263**	661,251	**169,173**	160,497

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated
Statement of Cash Flows for the financial year ended 31 March 2007

(In Singapore dollars)

	2007 $'000	2006 $'000
Cash flows from operating activities :		
Operating profit before reinvestment of working capital (Note a)		
Operating profit before reinvestment in working capital	**35,290**	23,099
Increase in inventories	**(918)**	(2,056)
Decrease in accounts receivable	**6,544**	33,530
Increase in short term investments	**(3,118)**	(2,862)
Increase in accounts payable	**3,205**	8,988
Cash generated from operations	**41,003**	60,699
Interest expense paid	**(6,122)**	(5,403)
Interest income received	**14,940**	9,759
Income taxes paid	**(10,400)**	(8,011)
Net cash provided by operating activities	**39,421**	57,044
Cash flows from investing activities :		
Additions to property, plant and equipment	**(8,244)**	(1,381)
Additional investment in long term investments	**(24,560)**	(115,114)
Additional cost to property under development	**(41,915)**	–
Acquisition of jointly controlled entity, net of cash acquired (Note b)	**(41,010)**	–
Proceeds from sale of property, plant and equipment	**1,227**	53,248
Decrease in amounts due from associated companies	**354**	1,195
Proceeds from disposal of unquoted bonds and preference shares in associated company	**–**	86,438
Proceeds from disposal of subsidiary company	**–**	496
Proceeds from disposal of Shui-On Land shares	**72,836**	–
Dividends received from investments	**13,378**	11,830
Net cash (used in)/provided by investing activities	**(27,934)**	36,712
Cash flows from financing activities :		
(Repayment)/drawdown of bank borrowings (net)	**(13,534)**	39,535
(Repayment)/receipt of minority interests' loans to subsidiary companies	**(4,732)**	1,199
Dividend paid to minority shareholders of subsidiary companies	**–**	(50)
Dividend paid	**(25,231)**	(10,092)
Net cash (used in)/provided by financing activities	**(43,497)**	30,592
Net (decrease)/increase in cash and cash equivalents	**(32,010)**	124,348
Cash and cash equivalents at beginning of financial year (Note 21)	**268,689**	144,341
Cash and cash equivalents at end of financial year (Note 21)	**236,679**	268,689

Consolidated
Statement of Cash Flows for the financial year ended 31 March 2007

(In Singapore dollars)

Notes to the Statement of Cash Flows

(a) **Operating profit before reinvestment of working capital**

Reconciliation between profit from operating activities before taxation and exceptional items and operating profit before reinvestment in working capital :

	2007 $'000	2006 $'000
Profit from operating activities before taxation and exceptional items		
- continuing operations	49,722	38,391
- discontinued operations	–	5,645
	49,722	44,036
Adjustments for :		
Interest expense	6,123	5,403
Depreciation of property, plant and equipment	7,048	7,849
Share of results of associated companies	(5,287)	(1,533)
Dividend income	(13,055)	(17,250)
Interest income	(17,756)	(11,537)
(Profit)/loss on disposal of property, plant and equipment	(160)	7
Inventories written off	1,970	2,569
Provision for doubtful debts	353	306
Property, plant and equipment written off	11	–
Amortisation of discount on unquoted bonds	(883)	(378)
Write-back of obsolete inventory	(319)	(437)
Changes in fair value of short term investments	(803)	3,594
Foreign exchange adjustments	8,486	(9,530)
Negative goodwill arising on acquisition of jointly controlled entity	(160)	–
Operating profit before reinvestment in working capital	35,290	23,099

Consolidated
Statement of Cash Flows for the financial year ended 31 March 2007

(In Singapore dollars)

(b) On 31 July 2006, the Group acquired 50% of the voting shares of Beijing Huamao Property Co., Ltd ("Beijing Huamao") a company incorporated in Beijing, People's Republic of China, specialising in real estate property development, rental and property management. This resulted in Beijing Huamao becoming a jointly controlled entity of the Group.

The fair values of the identifiable assets and liabilities of Beijing Huamao as at the date of acquisition were :

	Recognition on acquisition $'000	Carrying amount before combination $'000
Leasehold land	65,727	35,483
Construction-in-progress	37,453	37,453
Accounts receivable	3,136	3,136
Cash at bank	2,208	2,208
	108,524	78,280
Accounts payable	(37,578)	(37,578)
Deferred taxation	(9,980)	–
Long-term bank borrowings	(17,588)	(17,588)
	(65,146)	(55,166)
Net identifiable assets	43,378	23,114
Negative goodwill arising on acquisition of jointly controlled entity	(160)	
Total purchase consideration	43,218	

The total cost of the acquisition was $43,218,000 and was fully paid in cash.

Cash outflow on acquisition

	$'000
Cash paid	(43,218)
Net cash acquired with the subsidiary company	2,208
Net cash outflow on acquisition	(41,010)

From the date of acquisition, the Group's share of Beijing Huamao's loss amounted to $3,580,000. If the combination had taken place at the beginning of the financial year, the profit for the Group would have been $70,915,000 and revenue from continuing operations would have been $214,168,000.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements 31 March 2007

(In Singapore dollars)

1. CORPORATE INFORMATION

Metro Holdings Limited (the "Company") is a limited liability company, which is incorporated in Singapore and publicly traded on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 391A Orchard Road, #19-00, Tower A, Ngee Ann City, Singapore 238873.

The principal activities of the Company are those of a management, property investment and holding company.

The principal activities of the Group are those of management and holding companies, retailers and department store operators, property investment and developers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except for land and buildings and investment properties that have been stated at directors' valuation, and held for trading and available-for-sale financial assets that have been measured at their fair values.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

2.2 *FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective*

The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective :

			Effective date (annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2007
FRS 40	:	Investment Property	1 January 2007
FRS 107	:	Financial Instruments: Disclosures	1 January 2007
FRS 108	:	Operating Segments	1 January 2009

Notes to the Financial Statements 31 March 2007

2.2 ***FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective (cont'd)***

		Effective date (annual periods beginning on or after)
INT FRS 108 :	Scope of FRS 102, Share-based Payment	1 May 2006
INT FRS 109 :	Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110 :	Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111 :	Group and Treasury Share Transactions	1 March 2007
INT FRS 112 :	Service Concession Arrangements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 40, FRS 107 and the amendment to FRS 1 as indicated below.

FRS 40, Investment Properties

Under FRS 40, investment properties are permitted to be stated at either fair value or cost less accumulated depreciation. The Group expects to measure all its investment properties at fair value unless fair value is not reliably determinable on a ongoing basis. As a result of adopting FRS 40, the Group is expected to reclassify certain properties under property, plant and equipment to investment properties and revalue them accordingly on 1 April 2007. This is likely to result in a credit to opening revenue reserve of $64,500,000. Further, the Group will reclassify its revaluation reserve pertaining to revaluation on its investment properties to revenue reserve on 1 April 2007. The amount of revaluation reserves to be reclassified to revenue reserve is expected to be approximately $136,000,000.

FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from the annual period beginning 1 April 2007.

2.3 ***Significant accounting estimates and judgements***

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the Financial Statements 31 March 2007

2.3 ***Significant accounting estimates and judgements (cont'd)***

(a) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Income taxes

  The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2007, the carrying amount of the Group's current and deferred tax provisions was $62,690,000 (2006: $41,869,000) and the carrying amount of the Group's tax recoverable was $1,332,000 (2006: $1,327,000).

- Impairment in value of available-for-sale investments

  Determining whether available-for-sale investments are other than temporarily impaired requires an assumption regarding the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including the factors such as industry and sector performance, changes in technology and operational and financing cash flows.

- Impairment of subsidiary companies

  The Company determines whether its investment in subsidiary companies and amounts due from subsidiary companies are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which the investment in subsidiary companies and amounts due from subsidiary companies are allocated. Estimating a value-in-use amount requires management to estimate the expected future cash flows from the CGU and also choose a suitable discount rate to calculate the present value of those cash flows. The carrying amount of investment in subsidiary companies and amounts due from subsidiary companies as at 31 March 2007 was $393,425,000 (2006 : $427,000,000).

(b) *Critical judgements made in applying accounting policies*

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

- Operating lease commitments – As lessor

  The Group has entered into commercial property leases on its property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Notes to the Financial Statements 31 March 2007

2.3 ***Significant accounting estimates and judgements (cont'd)***

(b) *Critical judgements made in applying accounting policies (cont'd)*

- Valuation of investments

  Management exercises judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Also, judgement may be applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions can also materially affect these estimates and the resulting fair value estimates.

2.4 ***Functional and foreign currency***

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and joint venture companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary company.

(c) *Foreign currency translation*

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Notes to the Financial Statements 31 March 2007

2.4 ***Functional and foreign currency (cont'd)***

(c) *Foreign currency translation (cont'd)*

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2.5 ***Subsidiary companies and principles of consolidation***

(a) *Subsidiary companies*

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

Details of the Group's subsidiary companies are shown in Note 34.

(b) *Principles of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the holding company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Acquisitions of subsidiary companies are accounted for using the purchase method. Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

2.6 ***Jointly controlled entities***

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in joint ventures using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The financial statements of joint ventures are prepared for the same reporting year as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Notes to the Financial Statements 31 March 2007

2.6 ***Jointly controlled entities (cont'd)***

The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over joint ventures.

In the Company's separate financial statements, interests in joint ventures are accounted for at cost less impairment losses.

Details of the Group's jointly controlled entities are shown in Note 34.

2.7 ***Associated companies***

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the profit or loss of the associated company is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses.

Details of the Group's associated companies are shown in Note 34.

Notes to the Financial Statements 31 March 2007

2.8 ***Business combination and goodwill***

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

Notes to the Financial Statements 31 March 2007

2.8 ***Business combination and goodwill (cont'd)***

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiary companies before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

2.9 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Land and buildings are subsequently revalued on an asset-by-asset basis, to their fair values. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are made every three years to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

When an asset is revalued, any increase in the carrying amount is credited directly to the revaluation reserve. However, the increase is recognised in the profit and loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit and loss account. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the profit and loss account. However, the decrease is debited directly to the revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the revaluation reserve in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Land held on 999-year lease is regarded as equivalent to freehold and is included in freehold land and buildings under property, plant and equipment. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings	50 years
Leasehold land and buildings	50 years or over the period of lease if less than 50 years The period of the leases ranges from 36 years to 64 years
Motor vehicles	5 years
Plant, equipment, furniture and fittings	3 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Notes to the Financial Statements 31 March 2007

2.9 ***Property, plant and equipment (cont'd)***

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.10 ***Investment properties***

Investment properties are investments in properties that are not occupied substantially for use by or in the operations of the Group. They are accounted for as long-term investments and are carried in the balance sheet at revalued amounts, representing open market value determined on an annual basis by an independent professional valuer.

The surplus on revaluation is credited directly to revaluation reserve unless it reverses a previous revaluation decrease relating to the same class of assets, which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down. Any deficit on revaluation is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case, it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same class of assets. Any balance remaining in the revaluation surplus in respect of an investment property, is transferred directly to revenue reserve on retirement or disposal of the property.

2.11 ***Property held for sale***

Property held for sale pertains to a property which is intended for sale in the ordinary course of business.

Property held for sale is stated at the lower of cost and net realisable value. Cost includes cost of land and construction-related overhead expenditure and other costs incurred during the period of development.

2.12 ***Inventories***

Inventories are stated at the lower of cost and net realisable value.

For retail inventories, cost comprises the weighted average cost (which includes the related charges incurred in importing such merchandise) of merchandise derived at using the Retail Inventory Method or is ascertained on a first-in-first-out basis.

For all other inventories, cost comprises the invoiced value of goods on a specific identification basis, the first-in-first-out basis or the weighted average basis as appropriate plus related charges incurred in importing such goods.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Net realisable value is arrived at after due allowance is made for all obsolete and slow-moving inventories.

2.13 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Notes to the Financial Statements 31 March 2007

2.13 ***Impairment of non-financial assets (cont'd)***

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.14 ***Financial assets***

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(a) *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading (including derivative financial instruments) are classified as financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets classified as at fair value through profit or loss are recognised in the profit and loss account.

Notes to the
Financial Statements 31 March 2007

2.14 ***Financial assets (cont'd)***

(b) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

(c) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- cash and short term deposits;
- trade and other receivables, including amounts due from subsidiary companies and associated companies.

(d) *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less impairment losses.

Notes to the Financial Statements 31 March 2007

2.15 ***Investment securities***

Investment securities are classified as financial assets through profit or loss, held-to-maturity investments or available-for-sale financial assets as appropriate.

The accounting policy for the aforementioned categories of financial assets is stated in 2.14.

2.16 ***Financial instruments - Regular way transactions***

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.17 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.18 ***Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) *Assets carried at cost*

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Notes to the
Financial Statements 31 March 2007

2.18 ***Impairment of financial assets (cont'd)***

(c) *Available-for-sale financial assets*

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account. Reversals of impairment loss in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

2.19 ***Derecognition of financial assets***

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

2.20 ***Interest bearing loans and borrowings***

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2.21 ***Financial liabilities***

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, amounts owing to subsidiary companies and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the Financial Statements 31 March 2007

2.22 ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

2.23 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.24 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to customers which generally coincides with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regaining recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rental income*

Rental income from properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) *Fee and service income*

Fee and service income are recognised as revenue on an accrual basis upon services rendered.

(d) *Dividend income*

Dividend income is recognised when the Group's right to receive payment has been established.

(e) *Interest income*

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

Notes to the Financial Statements 31 March 2007

2.25 ***Financial guarantees***

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries and jointly controlled entities. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries or jointly controlled entities fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount.

In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

2.26 ***Borrowing costs***

Borrowings are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.27 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.28 ***Income taxes***

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements 31 March 2007

2.28 ***Income taxes (cont'd)***

(b) *Deferred tax*

Deferred income tax is provided, using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences (other than those mentioned above), carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to the Financial Statements 31 March 2007

2.29 ***Non-current assets held for sale and discontinued operation***

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. A component is deemed to be held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) are measured in accordance with the applicable FRSs. Upon classification as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the profit and loss account.

2.30 ***Leases***

(a) *As lessee*

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income (Note 2.24).

3. REVENUE

Revenue of the Group represents invoiced trading sales, including concessionaire sales and services (after allowance for goods returned and trade discounts) and rental income. It excludes dividends, interest income and intra-group transactions.

Revenue generated by the Group's operations are as follows :

	Group	
	2007	2006
	$'000	$'000
Retail	**179,457**	168,399
Property	**34,711**	34,208
	214,168	202,607

Income from property includes rental income from investment properties amounting to $14,706,000 (2006: $8,551,000).

Notes to the Financial Statements 31 March 2007

4. COST OF REVENUE

	Group 2007 $'000	Group 2006 $'000
Retail	**170,791**	159,909
Property	**10,662**	11,289
	181,453	171,198

5. OTHER INCOME

	Group 2007 $'000	Group 2006 $'000
Interest income		
- Bonds and loan notes	**8,075**	4,453
- Fixed and call deposits	**7,766**	5,116
- Shareholders' loan	**1,879**	1,545
- Others	**36**	423
Amortisation of discount on unquoted bonds	**883**	378
Dividends, gross		
- Unquoted investments	**9,680**	14,100
- Quoted investments	**3,375**	3,150
Sundry income	**1,563**	1,287
Advisory fees from third parties	**3,457**	4,512
Profit on disposal of short term investments	**322**	178
Management fee from an associated company	**1,932**	1,544
Other fee income from unquoted investments	**1,589**	496
Foreign exchange gain	**2,090**	2,015
Changes in fair value of short term investments	**803**	(3,594)
Other rental income	**3,017**	2,705
	46,467	38,308

Notes to the Financial Statements 31 March 2007

6. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is stated after charging/(crediting) :

	Group	
	2007	2006
	$'000	$'000
Salaries, bonuses and other related costs	**26,417**	30,843
Contributions to CPF and other defined contribution schemes	**1,769**	1,779
Provision for long service benefits	**252**	248
Staff costs (including Directors' emoluments)	**28,438**	32,870
Directors' emoluments -		
Directors of the Company		
- Other emoluments	**5,963**	11,645
- Fees payable	**315**	315
Directors of subsidiary companies	**1,155**	1,221
Depreciation of property, plant and equipment	**7,048**	7,334
Non-audit fees paid to auditors of the Company	**99**	110
Write-back of obsolete inventory	**(319)**	(437)
Provision for doubtful debts, net	**353**	306
(Profit)/loss on disposal of property, plant and equipment	**(160)**	7
Inventories written off	**1,970**	2,569
Rental expense	**20,501**	19,991
Foreign exchange loss	**7,213**	2,015
Key management compensation (including Directors' emoluments) (Note 31(b))	**8,372**	14,462
Negative goodwill arising on acquisition of jointly controlled entity	**(160)**	–

7. FINANCE COSTS

	Group	
	2007	2006
	$'000	$'000
Interest expense:		
- Bank loans	**6,096**	5,007
- Others	**27**	5
	6,123	5,012

Notes to the Financial Statements 31 March 2007

8. EXCEPTIONAL ITEMS

	Group 2007 $'000	2006 $'000
Gain on disposal of preference shares in an associated company	–	17,795
Realisation of prior year's revaluation surplus on an investment property on disposal of interest in an associated company	–	100,190
Gain on disposal of subsidiary company	–	1,175
Write-back of revaluation deficit on investment property	2,901	712
Gain on disposal of Shui-On Land shares	29,078	–
	31,979	119,872

9. TAXATION

(a) ***Major components of income tax expense***

The major components of income tax expense for the years ended 31 March 2007 and 2006 are :

(i) *Profit and loss account*

	Group 2007 $'000	2006 $'000
Provision for taxation :		
Current taxation - continuing operations		
- Singapore	2,937	7,206
- Overseas	6,443	5,142
- (Over)/underprovision in respect of prior financial years	(79)	77
- Recoverable from a third party	–	(3,420)
	9,301	9,005
Deferred taxation - continuing operations		
- Singapore	498	(1,280)
- Overseas	1,209	146
- Underprovision in respect of prior financial years	303	–
- Effect of changes in tax rates	(1,266)	–
	744	(1,134)
Withholding tax	741	1,018
Income tax expense recognised in the profit and loss account	10,786	8,889

Notes to the Financial Statements 31 March 2007

9. TAXATION (CONT'D)

(a) *Major components of income tax expense (cont'd)*

(ii) *Statements of changes in equity*

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Deferred income tax related to items charged or credited directly to equity				
- Net surplus on revaluation of investment properties	**18,246**	–	**–**	–
- Share of associated company's deferred tax on revaluation of land and buildings	**9,444**	–	**–**	–
- Share of associated company's deferred tax on realisation of revaluation surplus	**–**	(1,300)	**–**	–
- Effect of changes in tax rates	**(6,688)**	–	**(16)**	–
Income tax expense reported in equity	**21,002**	(1,300)	**(16)**	–

(b) *Relationship between tax expense and accounting profit*

A reconciliation of taxation determined on the results of the Group by applying the Singapore statutory income tax rate for the financial years ended 31 March is as follows :

	Group	
	2007	2006
	$'000	$'000
Profit from continuing operations before taxation	**81,701**	158,263
Profit from discontinued operations before taxation (Note 10)	**–**	6,060
Profit before taxation	**81,701**	164,323
Taxation calculated at Singapore statutory income tax rate of 18% (2006 : 20%)	**14,706**	32,865
Expenses not deductible for tax purposes	**3,682**	5,169
Difference arising from tax rates applicable to foreign entities	**385**	(893)
Income not subject to tax	**(7,985)**	(21,037)
Utilisation of previously unrecognised tax assets	**(156)**	(4,311)
Income tax recoverable from third party	**–**	(3,420)
Deferred tax assets not recognised	**1,226**	444
Underprovision in respect of prior financial years	**224**	77
Others	**(30)**	(5)
Effect of changes in tax rates	**(1,266)**	–
Taxation recognised in the profit and loss account	**10,786**	8,889

Notes to the Financial Statements 31 March 2007

9. TAXATION (CONT'D)

(b) ***Relationship between tax expense and accounting profit (cont'd)***

The changes in tax rates pertain to the following :

(i) The statutory income tax rate applicable to the Group's operations in Singapore was reduced to 18% for Year of Assessment 2008 from 20% for Year of Assessment 2007.

(ii) The new PRC Corporate Income Tax Law takes effect on 1 January 2008 and introduces a wide range of changes which include, but are not limited to, the unification of income tax rates for domestic-invested and foreign invested enterprises at 25%. Therefore, the deferred tax liabilities of the Group's operations in the People's Republic of China, which are expected to reverse after 1 January 2008 are measured at 25% and those expected to reverse prior to 31 December 2007 continue to be measured at existing tax rates.

(c) ***Deferred income tax***

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**30,708**	28,827	**643**	1,209
Effect of adopting FRS 39	**–**	2,662	**–**	–
Exchange adjustments	**(434)**	353	**(7)**	(3)
Effect of changes in tax rates				
- as recognised in profit and loss account	**(1,266)**	–	**–**	–
- as recognised in equity	**(6,688)**	–	**(16)**	–
Charge/(reversal) to profit and loss account	**2,010**	(1,134)	**(141)**	(563)
Charge to revaluation reserve	**27,690**	–	**–**	–
Balance at end of financial year	**52,020**	30,708	**479**	643

The Group's share of jointly controlled entities' deferred tax liability balances amounted to $42,885,000 (2006 : $23,696,000) (Note 30).

Notes to the Financial Statements 31 March 2007

9. TAXATION (CONT'D)

Deferred income tax as at 31 March relates to the following :

	Consolidated balance sheet		Consolidated profit and loss account		Company balance sheet	
	2007	2006	**2007**	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Deferred tax liabilities						
Differences in depreciation	**13,855**	15,115	**(191)**	123	**144**	160
Fair value changes	**1,557**	1,213	**466**	(1,449)	**–**	–
Revaluation surplus on land and buildings and investment properties	**39,423**	17,337	**1,643**	–	**–**	–
Unremitted foreign sourced income	**829**	645	**92**	(453)	**335**	483
Effect of changes in tax rates	**–**	–	**(1,266)**	–	**–**	–
	55,664	34,310			**479**	643
Deferred tax assets						
Deferred income and other deferred tax assets	**(3,644)**	(3,602)	**–**	645	**–**	–
	52,020	30,708			**479**	643
Deferred income tax expense			**744**	(1,134)		

Unrecognised tax losses

As at 31 March 2007, there were estimated tax losses and unabsorbed capital allowances amounting to $26,754,000 and $647,000 (2006 : $30,656,000 and $1,124,000) respectively, available for offset against future taxable profits of certain subsidiary companies. No deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

10. DISCONTINUED OPERATIONS

Discontinued operations in the last financial year relate to the disposals of The Oasis Resort, Cairns together with its business assets and Swiss Profile (M) Sdn Bhd, a 51% owned subsidiary company involved in the manufacturing of watch components on 20 June 2005 and 30 September 2005 respectively. There are no discontinued operations in the current financial year.

Notes to the Financial Statements 31 March 2007

11. EARNINGS PER SHARE

(a) ***Continuing operations***

Basic earnings per share amounts are calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated using the same basis as the basic earnings per share as there are no potentially dilutive shares for the current and previous financial year.

The following table reflects the profit and loss account and share data used in the computation of basic and diluted earnings per share from continuing operations for the years ended 31 March:

	Group	
	2007	2006
	$'000	$'000
Profit for the year attributable to ordinary equity holders of the Company	**68,683**	154,428
Less : Profit from discontinued operations attributable to ordinary equity holders of the Company	**–**	(5,157)
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	**68,683**	149,271
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**630,777**	630,777

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

(b) ***Discontinued operations***

The basic and diluted loss per share from discontinued operations are calculated by dividing the "Profit from discontinued operations attributable to ordinary equity holders of the Company" by the "Weighted average number of ordinary shares for basic earnings computation" and "Weighted average number of ordinary shares adjusted by the effect of dilution" respectively. These profit and loss account and share data are presented above in caption (a) of this note.

Notes to the Financial Statements 31 March 2007

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
At 1 April 2005							
Cost	–	–	–	42,392	2,088	849	45,329
Valuation	16,026	38,402	110,246	–	–	–	164,674
	16,026	38,402	110,246	42,392	2,088	849	210,003
Exchange adjustments	95	265	2,089	262	3	–	2,714
Reduction of cost	–	–	(1,395)	–	–	–	(1,395)
Additions	–	–	–	1,381	–	–	1,381
Disposals/write-offs	–	–	–	(196)	–	–	(196)
Discontinued operations	(13,621)	(37,867)	(1,372)	(16,289)	(195)	–	(69,344)
At 31 March 2006 and 1 April 2006							
Cost	–	–	–	27,550	1,896	849	30,295
Valuation	2,500	800	109,568	–	–	–	112,868
	2,500	800	109,568	27,550	1,896	849	143,163
Exchange adjustments	–	–	(3,254)	(30)	–	–	(3,284)
Acquisition of jointly controlled entity	–	–	65,727	–	–	37,453	103,180
Additions	–	–	567	3,441	558	45,593	50,159
Disposals/write-offs	–	–	(864)	(7,952)	(697)	–	(9,513)
Reclassification	–	–	4,527	–	–	(4,527)	–
Reclassification to investment property (Note 13)	–	–	(65,727)	–	–	(79,368)	(145,095)
At 31 March 2007							
Cost	–	–	–	23,009	1,757	–	24,766
Valuation	2,500	800	110,544	–	–	–	113,844
	2,500	800	110,544	23,009	1,757	–	138,610

Notes to the Financial Statements 31 March 2007

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation							
At 1 April 2005	–	–	–	34,590	798	–	35,388
Exchange adjustments	–	2	(54)	195	2	–	145
Charge for 2006	–	184	4,664	2,650	351	–	7,849
Disposals/write-offs	–	–	–	(185)	–	–	(185)
Discontinued operations	–	(150)	(12)	(12,665)	(169)	–	(12,996)
At 31 March 2006 and 1 April 2006	–	36	4,598	24,585	982	–	30,201
Exchange adjustments	–	–	(173)	(11)	–	–	(184)
Charge for 2007	–	37	4,497	2,168	346	–	7,048
Disposals/write-offs	–	–	–	(7,930)	(505)	–	(8,435)
At 31 March 2007	–	73	8,922	18,812	823	–	28,630
Net book value							
At 31 March 2007	2,500	727	101,622	4,197	934	–	109,980
At 31 March 2006	2,500	764	104,970	2,965	914	849	112,962

Notes to the Financial Statements 31 March 2007

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Freehold building $'000	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
Company					
Cost and valuation					
At 1 April 2005					
Cost	–	–	2,178	631	2,809
Valuation	2,500	800	–	–	3,300
	2,500	800	2,178	631	6,109
Additions	–	–	60	–	60
Disposals	–	–	(6)	–	(6)
At 31 March 2006 and 1 April 2006					
Cost	–	–	2,232	631	2,863
Valuation	2,500	800	–	–	3,300
	2,500	800	2,232	631	6,163
Additions	–	–	1,246	256	1,502
Disposals	–	–	(1,643)	(372)	(2,015)
At 31 March 2007					
Cost	–	–	1,835	515	2,350
Valuation	2,500	800	–	–	3,300
	2,500	800	1,835	515	5,650
Accumulated depreciation					
At 1 April 2005	–	–	2,093	130	2,223
Charge for 2006	–	36	46	126	208
Disposals	–	–	(4)	–	(4)
At 31 March 2006 and 1 April 2006	–	36	2,135	256	2,427
Charge for 2007	–	37	166	121	324
Disposals	–	–	(1,636)	(265)	(1,901)
At 31 March 2007	–	73	665	112	850
Net book value					
At 31 March 2007	2,500	727	1,170	403	4,800
At 31 March 2006	2,500	764	97	375	3,736

Revaluation of freehold and leasehold land and buildings

The Group's freehold and leasehold land and buildings are stated at directors' valuation based on independent professional valuations carried out by DTZ Debenham Tie Leung (SEA) Pte Ltd and DTZ Debenham Tie Leung Ltd. The valuations are determined by reference to open market value on an existing use basis. The date of the valuations was 31 March 2005.

Notes to the
Financial Statements 31 March 2007

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

If the Group's land and buildings were measured at cost less depreciation and impairment losses, the carrying amounts would be as follows :

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Freehold land				
Cost and net carrying amount	**1,231**	1,231	**1,231**	1,231
Freehold buildings				
Cost	**637**	637	**637**	637
Accumulated depreciation	**614**	578	**614**	578
Net carrying amount	**23**	59	**23**	59
Leasehold land and buildings				
Cost	**75,018**	75,018	**–**	–
Accumulated depreciation	**25,923**	21,246	**–**	–
Net carrying amount	**49,095**	53,772	**–**	–

Assets pledged as security

The Group's leasehold land and buildings with carrying amount of $97,392,000 (2006 : $104,970,000) are pledged as security for bank loans (Note 22(d)).

Share of property, plant and equipment in jointly controlled entities

As at 31 March 2007, the Group's share of property, plant and equipment in jointly controlled entities amounted to $98,721,000 (2006 : $105,607,000) (Note 30). This includes $97,392,000 pertaining to leasehold land and buildings. In accordance with the prevailing laws in the People's Republic of China, there are restrictions to the lease, pledge and transfer of such buildings.

Assets under construction

In the previous financial year, included in construction-in-progress as at 31 March 2006 was an amount of $849,000 relating to properties in the course of construction. These were held in trust by a Director on behalf of the Group.

Included in leasehold land and buildings is an amount of $3,678,000 (2006 : $nil) for which depreciation has not been charged as the asset has not been brought into use as at 31 March 2007. This property is held in trust by a Director on behalf of the Group.

During the year, the Group's leasehold land and construction-in-progress amounting to $65,727,000 and $79,368,000 respectively were reclassified to investment properties following the completion of the construction and development of the said property (Note 13).

Notes to the Financial Statements 31 March 2007

13. INVESTMENT PROPERTIES

	Group 2007 $'000	Group 2006 $'000
Balance at beginning of financial year	**88,003**	89,107
Reclassification from property held for sale (Note 18)	**53,568**	–
Reclassification from property, plant and equipment (Note 12)	**145,095**	–
Exchange adjustments	**(6,832)**	(1,816)
Write-back of revaluation deficit on investment property (Note 8)	**2,901**	712
Revaluation surplus taken to revaluation reserve	**74,024**	–
Balance at end of financial year	**356,759**	88,003

The Group's investment properties as at 31 March 2007 are as follows :

Name of building	Description	Tenure of land	Fair value 2007 $'000	Fair value 2006 $'000
GIE Tower, Guangzhou	Part of a 7-storey shopping podium & 35-storey office tower along Huan Shi Dong Road, Guangzhou	50 years' lease from 18 October 1994 (37 years remaining)	**88,357**	88,003
Metro Tower, Shanghai	60% of a 26-storey office tower, along Tianyaoqiao Road, Xujiahui District, Shanghai	50 years' lease from 22 February 1993 (36 years remaining)	**98,666**	–
Metro City, Beijing	50% of a 5-storey 2 basement retail mall along south-western corner of Da Jiao Ting Bridge East 4th Ring Road, Chao Yang District, Beijing	40 years' lease from 6 August 2004 (37 years remaining)	**169,736**	–
			356,759	88,003

The above investment properties are stated at directors' valuation based on independent professional valuations carried out by DTZ Debenham Tie Leung Ltd on 31 March 2007. The valuations are determined by reference to open market values on an existing use basis. The date of the valuations was 31 March 2007.

Notes to the
Financial Statements 31 March 2007

13. INVESTMENT PROPERTIES (CONT'D)

It is the intention of the Directors to hold the investment properties for the long term.

Investment properties amounting to $268,402,000 (2006 : $nil) are mortgaged to secure bank loans (Note 22(d) & (f)).

Capitalisation of borrowing costs

The Group's investment properties include borrowing costs incurred in connection with the construction of a property.

The borrowing costs capitalised as construction costs during the year ended 31 March 2007 amounted to $9,995,000 (2006 : $nil). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 100% (2006 : nil) per annum.

14. SUBSIDIARY COMPANIES

	Company	
	2007	2006
	$'000	$'000
Unquoted equity shares, at cost	**21,828**	21,828
Amounts due from subsidiary companies	**423,943**	459,014
Impairment losses	**(52,346)**	(53,842)
Carrying amount of investments	**393,425**	427,000

Details of subsidiary companies are shown in Note 34.

Movement in impairment loss is as follows :		
Balance at beginning of financial year	**53,842**	56,228
Disposal of a subsidiary company	**–**	(2,671)
Write-back of provision	**(1,496)**	(353)
Impairment loss for the year	**–**	638
Balance at end of financial year	**52,346**	53,842

Amounts due from subsidiary companies are non-trade related, unsecured, have no fixed terms of repayment and are interest free, except for an amount of $100,376,000 (2006 : $107,479,000) which bears interest ranging from 4.46% to 7.35% (2006 : 3.00% to 6.64%) per annum. These are considered quasi-equity in nature and are expected to be settled in cash.

The amounts due to subsidiary companies are non-trade related, unsecured, interest free and have no fixed terms of repayment, except for an amount of $1,517,000 (2006 : $3,236,000) which bears interest ranging from 5.92% to 6.75% (2006 : 4.96% to 5.92%) per annum. These are expected to be settled in cash.

During the financial year, an impairment loss of $1,496,000 was written back to the profit and loss, subsequent to an impairment assessment performed on investments in subsidiary companies and amounts due from subsidiary companies as at 31 March 2007.

Notes to the Financial Statements 31 March 2007

15. ASSOCIATED COMPANIES

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Unquoted equity shares, at cost	**7,273**	7,273	**500**	500
Share of post-acquisition reserves				
- revaluation reserve	**35,834**	44,875	**–**	–
- post-acquisition profit	**9,069**	3,782	**–**	–
- foreign currency translation reserve	**(2,721)**	(2,275)	**–**	–
	42,182	46,382	**–**	–
	49,455	53,655	**500**	500

Details of the associated companies are shown in Note 34.

The summarised financial information of the associated companies are as follows :

	Group	
	2007	2006
	$'000	$'000
Assets and liabilities:		
Current assets	**48,823**	74,610
Non-current assets	**262,644**	214,174
Total assets	**311,467**	288,784
Current liabilities	**37,439**	35,443
Non-current liabilities	**172,301**	141,902
Total liabilities	**209,740**	177,345
Results:		
Revenue	**168,978**	163,021
Profit before taxation	**13,622**	6,490
Taxation	**(3,047)**	(3,311)
Profit after taxation	**10,575**	3,179

Notes to the Financial Statements 31 March 2007

16. AMOUNTS DUE FROM ASSOCIATED COMPANIES

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Amounts due from associated companies :				
- trade	**296**	1,538	**–**	–
- non-trade	**26,862**	25,974	**25,548**	25,668
	27,158	27,512	**25,548**	25,668

The amounts due from associated companies are unsecured, interest free and are not expected to be repaid within the next twelve months. These are considered quasi-equity in nature and are expected to be settled in cash.

17. INVESTMENTS

	Note	Group	
		2007	2006
		$'000	$'000
Current:			
Held for trading investments			
Shares (quoted)		**63,352**	60,755
Government treasury bonds (unquoted)		**1,000**	–
		64,352	60,755
Held-to-maturity investments			
Shareholders' loan	(a)	**23,514**	–
Secured loan notes (unquoted)	(b)	**22,755**	–
		46,269	–
		110,621	60,755
Non-current :			
Held-to-maturity investments			
Shareholders' loan	(a)	**–**	25,079
Loan notes (unquoted)	(c)	**63,991**	65,409
		63,991	90,488
Available-for-sale investments			
Shares (unquoted), at cost	(a)	**29,229**	29,229
Convertible preference shares (unquoted), at cost	(d)	**–**	86,131
Warrants (unquoted), at cost	(d)	**–**	2,925
Shares (quoted)	(d)	**96,375**	–
		125,604	118,285
		189,595	208,773

Notes to the Financial Statements 31 March 2007

17. INVESTMENTS (CONT'D)

(a) The shareholder's loan amounting to $23,514,000 (2006 : $25,079,000), which is denominated in US dollars, is extended to Hualing Asset Management Co Ltd ("Hualing"), incorporated in Urumqi, Xinjiang, the People's Republic of China. It bears interest at 7.776% per annum, matures in January 2008 and is secured against the basement floor of a commercial property owned by Hualing.

Unquoted shares includes an amount of $29,214,000 (2006 : $29,214,000), which is denominated in Chinese Renminbi and pertains to the Group's equity contribution equivalent to 25% of the registered capital of Hualing. This entitles the Group to receive a fixed return of 17.143% per annum. Although the Group's interest in Hualing is in excess of 20%, the investment in Hualing has not been accounted for as an associated company because the Group is unable to exercise significant influence over Hualing due to restrictions imposed in the investment agreement.

(b) The unquoted secured loan notes in Chigwell Holdings Limited ("Chigwell"), incorporated in Hong Kong, amounted to $22,755,000 (2006 : $24,270,000) and are denominated in US dollars. They bear interest at 15% per annum and mature on 7 December 2007 and are secured by a charge over the share capital of Chigwell.

(c) The unquoted senior notes in Shui On Development (Holdings) Limited, amounting to $39,431,000 (2006 : $41,139,000) bear interest at 8.5% per annum and mature on 12 October 2008. Shui On Development (Holdings) Limited has the right to redeem the bonds from 2005 onwards at a price ranging from 108.5% to 100% of the nominal amount plus accrued interest.

The unquoted secured loan notes in Datawin Trading Limited ("Datawin") incorporated in the British Virgin Islands, amounted to $24,560,000 (2006 : $ nil) and are denominated in Singapore Dollars. They bear interest at 16% per annum and mature on 4 January 2010 and are secured by a charge over the share capital of Datawin and Wisdom Top International Limited.

(d) In the previous financial year, the investments in Shui On Land Limited ("SOL") comprised unquoted convertible redeemable preference shares and warrants amounting to $86,131,000 and $2,925,000 respectively. These were stated at cost then as their fair values could not be estimated reliably.

Following the initial public offering by SOL on the Stock Exchange of Hong Kong Limited on 4 October 2006, the preference shares and warrants were converted into ordinary shares of SOL. These ordinary shares were then fair valued with the fair value gains taken to the fair value reserve in equity.

Notes to the Financial Statements 31 March 2007

18. PROPERTY HELD FOR SALE

The Group's share of property held for sale is as follows :

	Group	
	2007	2006
	$'000	$'000
Balance at beginning of financial year	**53,568**	52,273
Additional costs incurred	**–**	1,295
Reclassification to investment properties (Note 13)	**(53,568)**	–
Balance at end of financial year	**–**	53,568

The property is held by the Group's jointly controlled entity (Note 30) and has been pledged as security for bank loans (Note 22(d)).

During the year, the nature of the above property was changed from property held-for-sale in the ordinary course of business to investment property held for capital appreciation and rental yield. As such, the property was accordingly reclassified to investment properties (Note 13).

19. INVENTORIES

	Group	
	2007	2006
	$'000	$'000
Inventories held for resale	**12,789**	13,768
Raw materials	**401**	155
Total inventories at lower of cost and net realisable value	**13,190**	13,923
Inventories are stated after deducting allowance for obsolete inventories of	**528**	847
Balance at 1 April	**847**	1,284
Reversal to the profit and loss account	**(319)**	(437)
Balance at 31 March	**528**	847

During the financial year, the Group wrote down $1,970,000 (2006 : $2,569,000) of inventories which is recognised as an expense in the profit and loss account.

During the financial year, the Group wrote back $319,000 (2006 : $437,000) being part of an inventory write-down in prior years, as the inventories were sold above carrying amounts in the current financial year. The reversal was included in the profit and loss account.

Notes to the Financial Statements 31 March 2007

20. ACCOUNTS RECEIVABLE

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Trade accounts receivable	(a)	**2,564**	2,352	**–**	–
Other accounts receivable	(b)	**14,224**	15,369	**27,523**	29,796
		16,788	17,721	**27,523**	29,796
(a) Trade accounts receivable are stated after deducting allowance for doubtful debts of :		**1,199**	959	**–**	–

Movement in allowance for doubtful debts is as follows :

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Balance at 1 April	**959**	677	**–**	–
Charge to the profit and loss account	**448**	414	**–**	–
Bad debts written-off	**(113)**	(24)	**–**	–
Write-back of allowance	**(95)**	(108)	**–**	–
Balance at 31 March	**1,199**	959	**–**	–

During the year, an impairment loss of $448,000 (2006 : $414,000) was recognised in the profit and loss account subsequent to a debt recovery assessment performed on trade and other receivables as at 31 March 2007.

The Group's share of jointly controlled entities' trade accounts receivable balances amounted to $1,115,000 (2006 : $718,000) (Note 30).

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the
Financial Statements 31 March 2007

20. ACCOUNTS RECEIVABLE (CONT'D)

(b) Other accounts receivable comprise :

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Amounts due from subsidiary companies	–	–	**27,216**	29,321
Deposits and prepayments	**4,298**	3,212	**247**	114
Recoverables and sundry debtors	**9,911**	12,144	**60**	361
Staff loans	**15**	13	–	–
	14,224	15,369	**27,523**	29,796
Presented as :				
Financial assets	**9,926**	12,157	**27,276**	29,682
Non-financial assets	**4,298**	3,212	**247**	114
	14,224	15,369	**27,523**	29,796

Amounts due from subsidiary companies bear interest at rates varying between 4.32% to 4.96% (2006 : 2.12% to 4.69%) per annum, are unsecured and are expected to be settled in cash.

The Group's share of jointly controlled entities' other receivables amounted to $687,000 as at 31 March 2007 (2006 : $426,000) (Note 30).

(c) Accounts receivable denominated in foreign currencies as at 31 March are as follows :

	Group 2007	Group 2006	Company 2007	Company 2006
United States dollar	**3,209**	5,259	**7**	3
Chinese renminbi	**2,581**	1,203	–	–
	5,790	6,462	**7**	3

21. CASH AND BANK BALANCES

Cash and bank balances and fixed deposits placed with financial institutions are as follows :

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Fixed deposits	**205,136**	252,826	**30,425**	36,905
Cash on hand and at bank	**31,543**	15,863	**802**	464
	236,679	268,689	**31,227**	37,369

Notes to the Financial Statements 31 March 2007

21. CASH AND BANK BALANCES (CONT'D)

Fixed deposits are made for varying periods of not more than three months depending on the immediate cash requirement of the Group and bear interest ranging from 2% to 6.15% (2006 : 0.375% to 5.5%) per annum. Cash on hand and at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.2% to 3.45% (2006 : 0.2% to 3.3%) per annum.

Fixed deposits of $112,350,000 (2006 : $118,749,000) have been pledged to financial institutions as security for bank loans (Note 22).

The Group's share of jointly controlled entities' cash and bank balances as at the financial year end amounted to $24,550,000 (2006 : $13,175,000) (Note 30).

Cash and bank balances denominated in foreign currencies as at 31 March are as follows :

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
United States dollar	**14,680**	41,066	**12,684**	22,076
Chinese renminbi	**26,892**	16,781	**–**	–
Australian dollar	**6,754**	5,066	**1,133**	5,066
	48,326	62,913	**13,817**	27,142

22. BANK BORROWINGS

	Note	Group		Company	
		2007	2006	**2007**	2006
		$'000	$'000	**$'000**	$'000
Current					
Bank revolving credit facilities					
- HK dollar, secured	(a)	**27,216**	29,321	**–**	–
- US dollar, unsecured	(b)	**12,212**	14,642	**10,695**	11,407
- RMB, secured	(c)	**35,280**	–	**–**	–
Share of joint ventures' US dollar bank loans, secured (current)	(d)	**8,192**	3,641	**–**	–
		82,900	47,604	**10,695**	11,407
Non-current					
US dollar bank loans, secured	(e)	**38,501**	78,157	**–**	–
Share of joint ventures' RMB bank loans, secured (non-current)	(f)	**17,150**	8,737	**–**	–
		55,651	86,894	**–**	–

Notes to the Financial Statements 31 March 2007

22. BANK BORROWINGS (CONT'D)

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Maturity of bank borrowings				
Repayable :				
Within 1 year	**82,900**	47,604	**10,695**	11,407
After 1 year but within 5 years	**55,651**	86,894	**–**	–
More than 5 years	**–**	–	**–**	–
Total	**138,551**	134,498	**10,695**	11,407

(a) The Hong Kong dollar revolving credit facility bears interest at rates ranging from 4.32% to 4.95% (2006 : 2.12% to 4.69%) per annum and is secured by an equivalent amount in fixed deposits (Note 21).

(b) The US dollar revolving credit facilities bear interest at rates ranging from 5.87% to 6.75% (2006 : 4.06% to 6.07%) per annum.

(c) The RMB loan borrowing bears interest at rates ranging from 4.86% to 5.02% (2006 : nil) per annum. The loans are secured against the fixed deposits of the Group (Note 21).

(d) The Group's share of US dollar denominated loans held by jointly controlled entities amounted to $8,192,000 (2006 : $12,378,000) and bears interest at rates ranging from 5.93% to 6.44% (2006 : 4.05% to 5.93%) per annum. The loans mature in November 2007 and are secured against the respective jointly controlled entities' investment properties (Note 13) and leasehold land and buildings (Note 12).

(e) The US dollar term loan of $38,501,000 (2006 : $41,065,000) matures on 5 October 2008 and bears interest ranging from 5.0% to 5.8% (2006 : 4.18% to 5.21%) per annum and is secured by an equivalent amount in fixed deposits (Note 21).

(f) The Group's share of RMB denominated loans held by a jointly controlled entity amounted to $17,150,000 (2006 : nil) and bears interest at rates ranging from 5.42% to 5.67% (2006 : nil) per annum. The loans mature in February 2009 and are secured against the jointly controlled entity's investment property (Note 13).

Notes to the Financial Statements 31 March 2007

23. ACCOUNTS PAYABLE

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Trade accounts payable	**29,753**	25,446	**–**	–
Other accounts payable	**80,300**	43,824	**33,847**	40,936
	110,053	69,270	**33,847**	40,936
Other accounts payable comprise :				
Amounts owing to subsidiary companies	**–**	–	**27,216**	29,321
Accruals	**14,493**	18,142	**6,157**	11,152
Refundable deposits	**8,556**	7,168	**–**	–
Sundry creditors	**57,251**	18,514	**474**	463
	80,300	43,824	**33,847**	40,936

Trade accounts payable

Trade accounts payable are non-interest bearing and are normally settled on 30-60 day terms.

Other accounts payable

The amounts owing to subsidiary companies bear interest ranging from 4.32% to 4.95% (2006 : 2.12% to 4.69%) per annum and have no fixed terms of repayment. These are unsecured and are expected to be settled in cash.

The Group's share of jointly controlled entities' accounts payable as at 31 March 2007 amounted to $65,344,000 (2006 : $22,071,000) (Note 30).

Accounts payable denominated in foreign currencies as at 31 March are as follows :

	Group		Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
United States dollar	**352**	724	**–**	–
Chinese renminbi	**67,128**	24,027	**–**	–
Sterling pound	**113**	53	**–**	–
Australian dollar	**–**	665	**–**	–
Hongkong dollar	**–**	140	**–**	–
	67,593	25,609	**–**	–

Notes to the Financial Statements 31 March 2007

24. SHARE CAPITAL

	Group and Company			
	2007		2006	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Ordinary shares				
Issued and fully paid :				
Balance at beginning and end of the year	**630,777**	**126,155**	630,777	126,155

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

25. RESERVES

		Group		Company	
	Note	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
Revaluation reserve	(a)	**138,028**	84,603	**2,017**	2,001
Foreign currency translation reserve	(b)	**(15,988)**	(8,684)	**–**	–
Revenue reserve	(c)	**494,134**	450,682	**41,001**	32,341
Fair value reserve	(d)	**49,378**	–	**–**	–
		665,552	526,601	**43,018**	34,342

(a) ***Revaluation reserve***

The revaluation reserve is used to record the increases in the fair value of land and buildings and investment properties and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in revaluation reserve. The reserve is stated net of tax.

Net surplus on revaluation of :				
- Freehold land and buildings	**37,852**	46,878	**2,017**	2,001
- Leasehold land and buildings	**42,038**	37,725	**–**	–
- Investment properties	**58,138**	–	**–**	–
	138,028	84,603	**2,017**	2,001

(b) ***Foreign currency translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the effect of hedging net investments in foreign operations.

Notes to the Financial Statements 31 March 2007

25. RESERVES (CONT'D)

(c) ***Revenue reserve***

Included in the Group's revenue reserve is a balance of approximately $197,000 (2006 : nil), which is restricted in use as required by the relevant laws and regulations of the People's Republic of China.

(d) ***Fair value reserve***

Fair value reserve records the cumulative fair value changes of available-for-sale assets until they are derecognised or impaired.

26. DIVIDENDS

	Group and Company	
	2007	2006
	$'000	$'000
Dividends paid during the year :		
First and final ordinary dividend of 2.0 cents (2006 : 2.0 cents) per ordinary share, less income tax of 20% (2006 : 20%)	**10,092**	10,092
Special dividend of 3.0 cents per ordinary share, less income tax of 20%	**15,139**	–
	25,231	10,092
Dividends proposed but not recognised as a liability as at 31 March :		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting :		
First and final dividend of 2.0 cents (2006 : 2.0 cents) per ordinary share, less income tax of 18% (2006 : 20%)	**10,345**	10,092
Special dividend of 3.0 cents (2006 : 3.0 cents) per ordinary share, less income tax of 18% (2006 : 20%)	**15,517**	15,138
	25,862	25,230

Notes to the Financial Statements 31 March 2007

27. OPERATING LEASE COMMITMENTS

(a) ***As lessee***

The Group leases certain properties under non-cancellable lease arrangements which do not have any purchase options and expire at various dates till 2009. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The future minimum rentals under these non-cancellable leases are :

	Group	
	2007	2006
	$'000	$'000
Not later than one year	**13,007**	18,007
Later than one year but not later than five years	**7,653**	19,188
Later than five years	**–**	–
	20,660	37,195

(b) ***As lessor***

The Group has entered into commercial property leases on its property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 8 years. Certain leases include a clause to enable upward revision of the rental charge on a periodic basis based on prevailing market conditions.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 March are as follows :

	Group	
	2007	2006
	$'000	$'000
Not later than one year	**30,336**	20,432
Later than one year but not later than five years	**65,385**	40,553
Later than five years	**55,636**	14,019
	151,357	75,004

28. CONTINGENT LIABILITIES

The Group and Company has undertaken to provide financial support to certain subsidiary and associated companies for deficiencies in their shareholders' funds and to extend adequate funding to meeting their net current liability positions for the years ended 31 March 2007 and 2006.

Notes to the Financial Statements 31 March 2007

29. FUTURE CAPITAL EXPENDITURE AND OTHER COMMITMENTS

Capital expenditure not provided for in the Group's financial statements are as follows :

	Group	
	2007	2006
	$'000	$'000
Commitment in respect of proposed investment in joint venture company	**–**	43,430
Commitment in respect of shareholder's loans to jointly controlled entity	**–**	40,400
Share of joint ventures' capital commitments in respect of plant and equipment	**–**	144
	–	83,974

30. JOINTLY CONTROLLED ENTITIES

(a) The Group's share of the assets and liabilities of the jointly controlled entities, which have been included in these financial statements, are as follows :

	Group's share	
	2007	2006
	$'000	$'000
Investment properties	**268,402**	–
Property, plant and equipment	**98,721**	105,607
Investments	**15**	15
Property held-for-sale	**–**	53,568
Trade receivables	**1,115**	718
Other receivables	**687**	426
Cash at bank	**24,550**	13,175
Bank borrowings	**(25,342)**	(12,378)
Other payables	**(65,344)**	(22,071)
Provision for taxation	**(2,105)**	(1,891)
Deferred tax liabilities	**(42,885)**	(23,696)
	257,814	113,473

(b) The Group's share of the results of the jointly controlled entities, which have been included in these financial statements, are as follows :

Revenue	**27,075**	25,323
Other income	**218**	149
Expenses	**(13,327)**	(11,053)
Profit before taxation	**13,966**	14,419
Taxation	**(4,177)**	(4,666)
Profit after taxation	**9,789**	9,753
Share of revaluation surplus	**100,176**	37,726

Details of the Group's jointly controlled entities are shown in Note 34.

Notes to the Financial Statements 31 March 2007

31. RELATED PARTY DISCLOSURES

An entity or individual is considered a related party of the Group for the purposes of the financial statements if :

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or
(ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties :

(a) ***Sales and purchase of goods and services and other fees***

	Group	
	2007	2006
	$'000	$'000
Purchases from associated companies	**86**	94
Service income received from associated company	**(1,926)**	(1,538)
Sales to associated companies	**(3,278)**	(3,247)
Management fee received from associated companies	**(60)**	(60)
Rental income from a company in which Directors have an interest *	**(129)**	(129)
Rental income from associated companies	**(6)**	(6)

* The related party above refers to an entity affiliated with the controlling shareholder of the Company.

(b) ***Compensation of key management personnel***

Short-term employee benefits	**8,078**	14,161
Contributions to CPF	**42**	53
Provision for long-service benefits	**252**	248
Total compensation paid to key management personnel	**8,372**	14,462

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

32. SEGMENT INFORMATION

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the activities, namely property, retail and others, with each segment representing a strategic business unit that offers different products and serves different markets.

Notes to the Financial Statements 31 March 2007

32. SEGMENT INFORMATION (CONT'D)

Business segments

The property segment is involved in the leasing of shopping and office spaces owned by the Group, operating of hotels and investing in property-related investments.

The retail segment is involved in the business of retailing and operating of departmental stores.

Others pertain to the manufacturing of watch-components.

In the last financial year, the Group disposed of The Oasis Resort and its watch-component manufacturing business. These operations were included in the "Property" and "Others" segments respectively.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The discontinued operations in the last financial year pertained to the "Asean" and "Australian" segments.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the
Financial Statements 31 March 2007

32. SEGMENT INFORMATION (CONT'D)

Business segments

	Property $'000	Retail $'000	Inter-segment eliminations $'000	Total $'000
2007				
Sales to external customers	34,711	179,457	–	214,168
Inter-segment sales	1,180	–	(1,180)	–
Segment revenue	35,891	179,457	(1,180)	214,168
Segment results	38,498	12,060	–	50,558
Finance costs	(6,123)	–	–	(6,123)
Share of results of associated companies	4,308	979	–	5,287
Exceptional items	31,979	–	–	31,979
Profit before taxation	68,662	13,039	–	81,701
Taxation				(10,786)
Profit for the year				70,915

	Continuing operations				Discontinued operations			
	Property $'000	Retail $'000	Inter-segment elimi-nations $'000	Total $'000	Others $'000	Property $'000	Total $'000	Total $'000
2006								
Sales to external customers	34,208	168,399	–	202,607	1,101	3,050	4,151	206,758
Inter-segment sales	1,090	–	(1,090)	–	–	–	–	–
Segment revenue	35,298	168,399	(1,090)	202,607	1,101	3,050	4,151	206,758
Segment results	32,958	8,912	–	41,870	(14)	6,051	6,037	47,907
Finance costs	(5,012)	–	–	(5,012)	(4)	(388)	(392)	(5,404)
Share of results of associated companies	966	567	–	1,533	–	–	–	1,533
Exceptional items	119,872	–	–	119,872	–	415	415	120,287
Profit before taxation	148,784	9,479	–	158,263	(18)	6,078	6,060	164,323
Taxation				(8,889)	–	–	–	(8,889)
Profit for the year				149,374	(18)	6,078	6,060	155,434

Notes to the Financial Statements 31 March 2007

32. SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

	Property $'000	Retail $'000	Total $'000
Assets and liabilities			
2007			
Segment assets	971,407	62,205	1,033,612
Tax recoverable	1,332	–	1,332
Investment in associated companies	65,817	10,796	76,613
Total assets	1,038,556	73,001	1,111,557
Segment liabilities	214,371	34,233	248,604
Provision for taxation	7,502	3,168	10,670
Deferred taxation	51,963	57	52,020
Total liabilities	273,836	37,458	311,294
Significant non-cash items			
Capital expenditure	48,314	1,845	50,159
Depreciation and amortisation	5,185	1,863	7,048
Write-back of revaluation deficit on investment property	(2,901)	–	(2,901)
Negative goodwill arising on acquisition of jointly controlled entity	(160)	–	(160)

	Property $'000	Retail $'000	Others $'000	Total $'000
Assets and liabilities				
2006				
Segment assets	777,095	47,299	–	824,394
Tax recoverable	1,327	–	–	1,327
Investment in associated companies	70,895	10,272	–	81,167
Total assets	849,317	57,571	–	906,888
Segment liabilities	174,365	29,403	–	203,768
Provision for taxation	8,237	2,924	–	11,161
Deferred taxation	30,553	155	–	30,708
Total liabilities	213,155	32,482	–	245,637
Significant non-cash items				
Capital expenditure	357	921	103	1,381
Depreciation and amortisation	5,203	2,131	–	7,334
Write-back of revaluation deficit on investment property	(712)	–	–	(712)

Notes to the Financial Statements 31 March 2007

32. SEGMENT INFORMATION (CONT'D)

Geographical segments

The following table presents revenue and expenditure information regarding the Group's geographical segments for the financial years ended 31 March 2007 and 2006 and certain asset information regarding geographical segments as at 31 March 2007 and 2006 :

	Asean $'000	Hong Kong and China $'000	Australia $'000	Group $'000
2007				
Segment revenue	179,800	34,368	–	214,168
Other geographical information :				
Segment assets	277,032	756,580	–	1,033,612
Investment in associated companies	76,081	532	–	76,613
Capital expenditure	3,525	46,634	–	50,159
2006				
Segment revenue	169,835	33,873	3,050	206,758
Less: Sales attributable to discontinued operations	(1,101)	–	(3,050)	(4,151)
Revenue from continuing operations	168,734	33,873	–	202,607
Other geographical information :				
Segment assets	244,387	580,007	–	824,394
Investment in associated companies	80,620	547	–	81,167
Capital expenditure	1,084	230	67	1,381

Notes to the Financial Statements 31 March 2007

33. FINANCIAL INSTRUMENTS

(a) *Financial risk management objectives and policies*

The Group is exposed to interest rate, foreign currency, credit and liquidity risks. The Group's risk management approach seeks to minimise the potential material adverse impact of these exposures.

Interest rate risk

The Group's exposure to market risk for changes in the interest rate environment principally relates to its investment portfolio and debt obligations. The investment portfolio includes shareholders' loans and debentures as well as surplus funds placed with reputable financial institutions as short term deposits at the most favourable interest rates available.

The Group manages its interest rate exposure in relation to debt obligations by spreading out the timing of interest rate fixing, maintaining a mix of fixed and floating rate borrowings wherever market conditions allow and reviewing the debt portfolio for the use of hedging instruments such as interest rate swaps and other interest rate derivatives.

As at 31 March 2007, the Group does not have any derivatives or hedging instruments.

Foreign currency risk

The Group is exposed to the effects of foreign currency exchange rate fluctuations, primarily in relation to Chinese renmimbi and United States dollars but also to Malaysian ringgit, Indonesian rupiah, Hongkong dollars and Australian dollars.

Whenever possible, the Group seeks to maintain a natural hedge through the matching of liabilities, including borrowings, against assets in the same currency or against the entity's functional currency, in particular its future revenue stream. Transactional exposures in currencies other than the entity's functional currency are kept to a minimal level.

The Group enters into hedges of its net investment in foreign operations to manage its foreign currency translation risk. Exchange differences on the Group's net investment in the foreign subsidiary companies are dealt with through the foreign currency translation reserve. This currency translation risk is regularly monitored.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy to ensure that credit customers are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Collaterals are obtained when required. The carrying amounts of investments, trade and other receivables and cash represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentrations of credit risk. Financial transactions and the placement of surplus funds in short term interest-bearing deposits are restricted to reputable financial institutions.

Notes to the Financial Statements 31 March 2007

33. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

The Group's cash and short term deposits, operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

(b) ***Fair values***

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group has carried all investment securities that are classified as held for trading or available-for-sale financial assets, at their fair value as required by FRS 39, except as disclosed below.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group and Company's financial instruments that are carried in the financial statements at other than fair values as at 31 March.

Notes to the Financial Statements 31 March 2007

33. FINANCIAL INSTRUMENTS (CONT'D)

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:								
Unquoted shares (Note 17)	29,229	29,229	(i)	(i)	–	–	–	–
Unquoted warrants (Note 17)	–	2,925	–	–	–	–	–	–
Unquoted convertible preference shares (Note 17)	–	86,131	–	–	–	–	–	–
Amounts due from associated companies	27,158	27,512	(ii)	(ii)	25,548	25,668	(ii)	(ii)
Amounts due from subsidiary companies	–	–	–	–	423,943	459,014	(ii)	(ii)
Financial liabilities:								
Amounts due to subsidiary companies	–	–	–	–	270,161	311,913	(ii)	(ii)

(i) The unquoted shares have been stated at cost because of the lack of market prices and assumptions used in valuation models to value these investments cannot be reasonably determined. However, the cash flows from these investments are expected to be in excess of their carrying amounts.

(ii) The amounts due from/(to) subsidiary and associated companies have no repayment terms and are repayable only when the cash flows of the borrower permits. Accordingly, the fair values of these balances are not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably.

Notes to the Financial Statements 31 March 2007

33. FINANCIAL INSTRUMENTS (CONT'D)

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follows:

Financial assets and liabilities	Methods and assumptions
• Investment securities (quoted shares and unquoted government treasury bonds)	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.
• Investment securities (unquoted loan notes and shareholders' loan) • Other receivables (non-current) • Bank loans and debentures (non-current)	Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

During the year, no amount (2006 : nil) has been recognised in the profit and loss account in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

(c) ***Interest rate risk***

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk :

Assets/(liabilities)	**Within 1 year $'000**	**1-2 years $'000**	**2-3 years $'000**	**Total $'000**
2007				
Group				
Fixed rate				
Loan notes	22,755	39,431	24,560	86,746
Shareholders' loan	23,514	–	–	23,514
Government treasury bond	1,000	–	–	1,000
Floating rate				
Cash assets	22,406	9,137	–	31,543
Fixed deposits	205,136	–	–	205,136
Share of a jointly controlled entity's bank loans	(8,192)	(17,150)	–	(25,342)
Bank borrowings	(74,708)	(38,501)	–	(113,209)
Company				
Floating rate				
Cash assets	802	–	–	802
Fixed deposits	30,425	–	–	30,425
Bank borrowings	(10,695)	–	–	(10,695)

Notes to the
Financial Statements 31 March 2007

33. FINANCIAL INSTRUMENTS (CONT'D)

Assets/(liabilities)	Within 1 year $'000	1-2 years $'000	2-3 years $'000	Total $'000
2006				
Group				
Fixed rate				
Secured loan notes	–	24,270	41,139	65,409
Shareholders' loan	–	25,079	–	25,079
Floating rate				
Cash assets	15,863	–	–	15,863
Fixed deposits	252,826	–	–	252,826
Share of a jointly controlled entity's bank loans	(3,641)	(8,737)	–	(12,378)
Bank borrowings	(43,963)	(37,093)	(41,064)	(122,120)
Company				
Floating rate				
Cash assets	464	–	–	464
Fixed deposits	36,905	–	–	36,905
Bank borrowings	(11,407)	–	–	(11,407)

34. SUBSIDIARY, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Investments in the unquoted equity interests in subsidiary companies at cost at 31 March are :

Name of company	**Cost to Company 2007 $'000**	2006 $'000
Metro (Private) Limited	**8,914**	8,914
Orchard Square Development Corporation Pte Ltd	**7,576**	7,576
Metrobilt Pte Ltd	**4,038**	4,038
Metro Australia Holdings Pte Ltd	**1,000**	1,000
Meren Pte Ltd	**300**	300
Metro China Holdings Pte Ltd	*	*
Sun Capital Assets Pte Ltd	*	*
	21,828	21,828

* Cost is $2.

Notes to the Financial Statements 31 March 2007

34. SUBSIDIARY, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

Details of subsidiary and associated companies and jointly controlled entities at 31 March are:

Subsidiary companies (Country of incorporation)	Place of business	Percentage of equity held by the Group 2007 %	2006 %
Held by the Company -			
Retailers and department store operators			
Metro (Private) Limited (Singapore)	Singapore	**100.0**	100.0
Property			
Orchard Square Development Corporation Pte Ltd (Singapore)	Singapore	**100.0**	100.0
Investment holding			
Metrobilt Pte Ltd (Singapore)	Singapore	**100.0**	100.0
Metro China Holdings Pte Ltd (Singapore)	People's Republic of China	**100.0**	100.0
Metro Australia Holdings Pte Ltd (Singapore)	Singapore	**100.0**	100.0
Sun Capital Assets Pte Ltd (Singapore)	Singapore	**100.0**	100.0
Investment trading			
Meren Pte Ltd (Singapore)	Singapore	**100.0**	100.0

Notes to the Financial Statements 31 March 2007

34. SUBSIDIARY, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

	Subsidiary companies (Country of incorporation)	Place of business	Percentage of equity held by the Group 2007 %	2006 %
	Held by subsidiary companies -			
	Retailers and department store operators			
	The Marketing Co Pte Ltd (Singapore)	Singapore	**100.0**	100.0
	Property			
ø	Hillfort Investments Pte Ltd (Singapore)	Australia	**85.0**	85.0
+	Guangzhou International Electronics Building Co Ltd (People's Republic of China)	People's Republic of China	**100.0**	100.0
	Investment holding			
	Metro Xinjiang Investments Pte Ltd (Singapore)	People's Republic of China	**100.0**	100.0
	Metro Properties (Shanghai) Pte Ltd (Singapore)	People's Republic of China	**100.0**	100.0
	Metro Leisure (Shanghai) Pte Ltd (Singapore)	People's Republic of China	**100.0**	100.0
+	Metrobilt South China Ltd (Hong Kong)	Hong Kong	**100.0**	100.0
+	Metrobilt Enterprise Ltd (Hong Kong)	People's Republic of China	**100.0**	100.0
+	MetroProp (China) (Mauritius)	People's Republic of China	**94.0**	94.0
	Metro City (Beijing) Pte Ltd (Singapore)	People's Republic of China	**100.0**	100.0
+	Crown Investments Ltd (Mauritius)	People's Republic of China	**100.0**	100.0
	Building contractors			
	Metrobilt Construction Pte Ltd (Singapore)	Singapore	**70.0**	70.0

Notes to the Financial Statements 31 March 2007

34. SUBSIDIARY, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

	Subsidiary companies (Country of incorporation)	Place of business	Percentage of equity held by the Group 2007 %	2006 %
	Dormant companies			
	Idea Shoppe Pte Ltd (Singapore)	Singapore	**100.0**	100.0
+	Metro Factory Outlet (Malaysia) Sdn Bhd (Malaysia)	Malaysia	**100.0**	100.0

	Associated companies (Country of incorporation)	Place of business	Percentage of equity held by the Group 2007 %	2006 %
	Retailers and department store operators			
&	PT Metropolitan Retailmart (Indonesia)	Indonesia	**50.0**	50.0
	Intrad Pte Ltd (Singapore)	Singapore	**50.0**	50.0
	Property			
&øA	Etika Cekap Sdn Bhd (Malaysia)	Malaysia	**49.0**	48.5
&øA	Etika Utama Sdn Bhd (Malaysia)	Malaysia	**49.0**	48.5
&øA	Gurney Plaza Sdn Bhd (Malaysia)	Malaysia	**49.0**	48.5
&øA	G Limousine Services Sdn Bhd (formerly known as Gurney Hotel Sdn Bhd) (Malaysia)	Malaysia	**49.0**	48.5
&øA	Unojaya Sdn Bhd (Malaysia)	Malaysia	**49.0**	48.5
&øA	Ghotel Sdn Bhd (formerly known as Laser Access Sdn Bhd) (Malaysia)	Malaysia	**49.0**	48.5

Notes to the Financial Statements 31 March 2007

34. SUBSIDIARY, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (CONT'D)

	Associated companies (Country of incorporation)	Place of business	Percentage of equity held by the Group 2007 %	2006 %
	Investment holding			
	Gurney Investments Pte Ltd (Singapore)	Singapore	**50.0**	50.0
	SOS Shanghai Pte Ltd (Singapore)	Singapore	**50.0**	50.0
	Leisure			
+	Shanghai Target Club Co Ltd (People's Republic of China)	People's Republic of China	**33.4**	33.4

	Jointly controlled entities (Country of incorporation)	Place of business	Percentage of equity held by the Group 2007 %	2006 %
	Property			
+@	Shanghai Metro Cultural and Entertainment Co Ltd (People's Republic of China)	People's Republic of China	**60.0**	60.0
+@	Shanghai Huimei Property Co Ltd (People's Republic of China)	People's Republic of China	**60.0**	60.0
øB	Beijing Huamao Property Co Ltd (People's Republic of China)	People's Republic of China	**50.0**	–

+ Audited by associated firms of Ernst & Young, Singapore.

& Audited by other firms. These foreign subsidiary and associated companies are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

ø Under member's voluntary liquidation.

@ The Group has not accounted for its interests in Shanghai Metro Cultural and Entertainment Co Ltd and Shanghai Huimei Property Co Ltd as subsidiary companies although its interests is in excess of 50% because under the joint venture agreements, the joint venture parties are entitled to a share of the profits of the joint ventures in proportion to their respective capital contributions but have contractual joint control of the jointly controlled entities.

øA During the year, the Group, through its interests in Gurney Investments Pte Ltd ("Gurney"), a 50%-owned associated company, increased its equity interest in Etika Cekap Sdn Bhd ("Etika") and its subsidiary companies from 48.5% to 49.0%.

øB Acquired during the year.

Notes to the Financial Statements 31 March 2007

35. EVENTS AFTER BALANCE SHEET DATE

Subsequent to the balance sheet date, the Company's subsidiary company, Crown Investments Ltd, entered into a conditional commitment to acquire a 45% equity interest in China Infrastructure Group Limited ("CIG") for a cash consideration of US$4,500. In addition, Crown Investments Ltd is also expected to provide CIG with a working capital loan of HK$10.8 million and up to RMB 675 million of shareholders' loans. CIG is an investment holding company, incorporated under the laws of the British Virgin Islands as a special purpose vehicle. Upon completion of the transaction, CIG is expected to become an associated company of the Group.

36. COMPARATIVES

Certain comparative figures have been reclassified to better reflect the nature of the balances and to be consistent with the current year's presentation :

	2006	
	As restated $'000	As previously reported $'000
Profit and loss		
Revenue	**202,607**	199,076
Cost of revenue	**(171,198)**	(172,993)
Other income	**38,308**	43,634
Share of associated companies' results	**1,533**	3,146
Taxation	**(8,889)**	(10,502)

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2007 were authorised for issue in accordance with a resolution of the directors on 8 June 2007.

Statistics of Shareholdings as at 12 June 2007

Class of Shares - Ordinary shares
Voting Rights - One vote per share

DISTRIBUTION OF SHAREHOLDERS

By Size Of Shareholdings

Size of Shareholdings			No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1	-	999	291	6.27	90,919	0.01
1,000	-	10,000	2,398	51.67	14,926,895	2.37
10,001	-	1,000,000	1,911	41.18	93,997,134	14.90
1,000,001	-	and above	41	0.88	521,761,728	82.72
Total			**4,641**	**100.00**	**630,776,676**	**100.00**

TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

	Name of Shareholders	No. of Shares	% of Shareholdings
1	Eng Kuan Company Pte Ltd	94,501,408	14.98
2	Ngee Ann Development Pte Ltd	57,300,800	9.08
3	DBS Nominees Pte Ltd	44,668,141	7.08
4	Mayban Nominees (Singapore) Pte Ltd	42,678,158	6.77
5	Ong Tjoe Kim	40,448,160	6.41
6	Citibank Nominees Singapore Pte Ltd	22,882,960	3.63
7	Dynamic Holdings Pte Ltd	21,356,190	3.39
8	United Overseas Bank Nominees Pte Ltd	19,895,192	3.15
9	HSBC (Singapore) Nominees Pte Ltd	18,872,980	2.99
10	Raffles Nominees Pte Ltd	16,252,573	2.58
11	Leroy Singapore Pte Ltd	15,952,506	2.53
12	Morgan Stanley Asia (Singapore) Securities Pte Ltd	14,712,369	2.33
13	Gan Teng Siew Realty Sdn Bhd	13,674,240	2.17
14	Ong Sioe Hong	12,253,078	1.94
15	DBS Vickers Securities (Singapore) Pte Ltd	9,354,452	1.48
16	Phillip Securities Pte Ltd	7,841,129	1.24
17	Oversea Chinese Bank Nominees Pte Ltd	7,131,404	1.13
18	UOB Kay Hian Pte Ltd	7,108,000	1.13
19	OCBC Nominees Singapore Pte Ltd	4,981,042	0.79
20	DBSN Services Pte Ltd	4,718,906	0.75
	Total	**476,583,688**	**75.55**

Statistics of Shareholdings as at 12 June 2007

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Members)

Name of Shareholders	No. of shares Direct Interest	Deemed Interest
Ong Tjoe Kim (Note 1)	40,448,160	138,471,060
Jopie Ong Hie Koan (Note 2)	–	188,810,104
Eng Kuan Company Private Limited	94,501,408	42,000,000
Dynamic Holdings Pte Ltd	21,356,190	15,000,000
Ong Ling Ling (Note 3)	48,000	36,356,190
Ong Jenn (Note 3)	48,000	36,356,190
Ong Ching Ping (Note 3)	48,000	36,356,190
Ong Sek Hian (Wang ShiXian) (Note 3)	48,000	36,356,190
Ngee Ann Development Pte Ltd	57,300,800	–
Ngee Ann Kongsi (Note 4)	–	57,300,800
Takashimaya Co Limited (Note 5)	–	57,300,800

Note 1 Mr Ong Tjoe Kim is deemed to be interested in the shares of the Company through his interests in Eng Kuan Company Private Limited by virtue of Section 7 of the Companies Act, Chapter 50 and interests held through his spouses.

Note 2 Mr Jopie Ong Hie Koan is deemed to be interested in the shares of the Company through his interests in Eng Kuan Company Private Limited, Dynamic Holdings Pte Ltd and Leroy Singapore Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Note 3 Ms Ong Ling Ling, Mr Ong Jenn, Ms Ong Ching Ping and Mr Ong Sek Hian (Wang ShiXian) are deemed to be interested in the shares of the Company through their interests in Dynamic Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Note 4 Ngee Ann Kongsi is deemed to be interested in the shares of the Company through their interests in Ngee Ann Development Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Note 5 Takashimaya Co Limited is deemed to be interested in the shares of the Company through their interests in Ngee Ann Development Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Based on the Register of Shareholders, and to the best knowledge of the Company, the percentage of shareholding held in the hands of public as at 12 June 2007 is approximately 50.25%. Therefore, Company complies with Rule 723 of the Listing Manual.

DIRECTORS' SHAREHOLDINGS

(including deemed interests as 21 April 2007)

	No. of Shares	
Name of Directors	Shareholdings registered in the name of the directors	Shareholdings in which the directors are deemed to have an interest
Ong Tjoe Kim	40,448,160	138,471,060
Jopie Ong Hie Koan	–	188,810,104
Chan U Seek	–	2,670,996
Phua Bah Lee	–	60,480

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of the Company will be held at Mandarin Court D, 4th Floor, Grand Tower, Meritus Mandarin Singapore, 333 Orchard Road, Singapore 238867 on 20 July 2007 at 11:00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31 March 2007 and the Auditors' Report thereon. *(Resolution 1)*

2. To approve the payment of a first and final dividend of 2.0 cents per ordinary share (less income tax) for the year ended 31 March 2007. *(Resolution 2)*

3. To approve the payment of a special dividend of 3.0 cents per ordinary share (less income tax) for the year ended 31 March 2007. *(Resolution 3)*

4. To consider and if thought fit, to pass the following resolutions:

   (a) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Ong Tjoe Kim be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *(Resolution 4)*

   (b) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Chan U Seek be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *[see Explanatory Note (a)]* *(Resolution 5)*

   (c) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Jackson Lee Chik Sin be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *[see Explanatory Note (a)]* *(Resolution 6)*

   (d) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Phua Bah Lee be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *[see Explanatory Note (a)]* *(Resolution 7)*

   To record the retirement of Mr Lee Khoon Choy as a Director of the Company. *[see Explanatory Note (b)].*

5. To re-elect Lt-Gen (Retd) Winston Choo Wee Leong, a Director retiring pursuant to Article 99 of the Company's Articles of Association. *(Resolution 8)*

6. To re-elect Gerald Ong Chong Keng, a Director retiring pursuant to Article 99 of the Company's Articles of Association. *(Resolution 9)*

7. To approve the Directors' Fees of $245,000 for the year ended 31 March 2007 (2006 : $245,000). *(Resolution 10)*

8. To re-appoint auditors and to authorise the Directors to fix their remuneration. *(Resolution 11)*

9. To transact any other business of an Annual General Meeting.

Notice of
Annual General Meeting

SPECIAL BUSINESS

10. To consider and, if thought fit, to pass the following resolution as ordinary resolution:

"That notwithstanding the provision of the Articles of Association of the Company, pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the total number of shares issued by the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20 per cent of the total number of shares issued by the Company;

(ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of the number of shares to be issued shall be based on the total number of shares issued by the Company at the time this Resolution is passed, after adjusting for

(a) new shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards that are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent consolidation or subdivision of shares; and

(iii) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *[see Explanatory Note (c)]* *(Resolution 12)*

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 2 August 2007 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services, 8 Cross Street #11-00 PWC Building, Singapore 048424 to the close of business at 5:00 p.m. on 1 August 2007 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on 15 August 2007 to shareholders registered in the books of the Company on 1 August 2007.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order of the Board

Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries

Singapore
3 July 2007

Notice of Annual General Meeting

Explanatory Notes:

(a) Mr Jackson Lee Chik Sin, Mr Chan U Seek and Mr Phua Bah Lee, if re-appointed, will remain as Audit Committee Members and are considered independent directors for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Mr Jackson Lee Chik Sin, if re-appointed, will remain as Chairman of the Audit Committee.

(b) As Mr Lee Khoon Choy will not be seeking re-appointment as director at the Annual General Meeting ("AGM"), he will also step down as a member of the Audit Committee upon his retirement at the AGM.

(c) The proposed ordinary resolution 12 in item 10 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limit as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

Notes to Proxy Form:

(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, 391A Orchard Road #19-00 Tower A, Ngee Ann City Singapore 238873 not less than 48 hours before the meeting.

(iii) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(iv) In the case of joint shareholders, all holders must sign the form of proxy.

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Proxy Form

METRO HOLDINGS LIMITED
Company Registration No :197301792W
(Incorporated in Singapore)

Annual General Meeting

IMPORTANT
1. For investors who have used their CPF monies to buy Metro Holdings Limited shares, this Annual Report is sent to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is FOR USE ONLY BY MEMBERS whose shares in Metro Holdings Limited are registered in their names. It is not valid for use by CPF investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of **METRO HOLDINGS LIMITED** hereby appoint:-

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

or failing whom, the chairman of the meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 20 July 2007 and at any adjournment thereof in the following manner:

No.	Resolutions relating to	For	Against
1.	Adoption of Reports and Accounts		
2.	Declaration of First and Final Dividend		
3.	Declaration of Special Dividend		
4.	(a) Re-appointment of Mr Ong Tjoe Kim pursuant to Section 153(6) of Companies Act, Cap 50		
	(b) Re-appointment of Mr Chan U Seek pursuant to Section 153(6) of Companies Act, Cap 50		
	(c) Re-appointment of Mr Jackson Lee Chik Sin pursuant to Section 153(6) of Companies Act, Cap 50		
	(d) Re-appointment of Mr Phua Bah Lee pursuant to Section 153(6) of Companies Act, Cap 50		
5.	Re-election of Lt-Gen (Retd) Winston Choo Wee Leong, a director retiring under Article 99		
6.	Re-election of Gerald Ong Chong Keng, a director retiring under Article 99		
7.	Approval of Directors' Fees		
8.	Re-appointment of Auditors and authorisation of directors to fix their remuneration		
9.	Any other business		
10.	**SPECIAL BUSINESS** Approval of Ordinary Resolution pursuant to Section 161 of the Companies Act, Cap 50		

If you wish to exercise all your votes For or Against, please tick with '√'. Alternatively, please indicate the number of votes For or Against each resolution.

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of Any Other Business raised at the meeting, vote as the proxy deems fit.

Dated this __________ day of ______________ 2007.

Total No. of Shares Held	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 391A Orchard Road #19-00 Tower A, Ngee Ann City Singapore 238873 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Data

Board of Directors

Ong Tjoe Kim
Chairman

Jopie Ong Hie Koan
Group Managing Director

Chan U Seek

Jackson Lee Chik Sin

Lee Khoon Choy

Phua Bah Lee

Lt-Gen (Retd) Winston Choo Wee Leong

Gerald Ong Chong Keng

Secretaries

Tan Ching Chek

Lee Chin Yin

Auditors

Ernst & Young
Mrs Fang Ai Lian
Engagement Partner
(Since financial year ended 31 March 2003)

Bankers

DBS Bank Ltd
United Overseas Bank Ltd
Huaxia Bank Company Ltd

Registrars

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street
#11-00 PWC Building
Singapore 048424
Telephone : (65) 6236 3333

Registered Office

391A Orchard Road
#19-00 Tower A
Ngee Ann City
Singapore 238873
Telephone : (65) 6733 3000
Facsimile : (65) 6735 3515
Website : www.metro.com.sg

METRO HOLDINGS LIMITED
Company Registration No.: 197301792W

391A Orchard Road #19-00
Tower A Ngee Ann City Singapore 238873
Tel: (65) 6733 3000 Fax: (65) 6735 3515

www.metro.com.sg