

Print this page

Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	METRO HOLDINGS LIMITED
Company Registration No.	197301792W
Announcement submitted on behalf of	METRO HOLDINGS LIMITED
Announcement is submitted with respect to *	METRO HOLDINGS LIMITED
Announcement is submitted by *	Tan Ching Chek
Designation *	Company Secretary
Date & Time of Broadcast	14-Nov-2008 06:40:05
Announcement No.	00011

>> Announcement Details
 The details of the announcement start here ...

Announcement Title *

Press Release

Description

Please refer to the attached press release.

Attachments

 [pressrelease.pdf](#)Total size = **142K**
(2048K size limit recommended)

Close Window



NEWS RELEASE

METRO REPORTS S\$0.7 MILLION NET PROFIT FOR 1HFY2009

- Net profit declines by 96.4% mainly due to:
 - o Decrease (unrealised) in the fair value of the property division's portfolio of short-term investments comprising mainly of units in REITS
- Earnings from core business segments of property and retail remain healthy
 - o Four properties in first-tier cities in China continue to enjoy steady rental rates with high occupancy rates averaging 85.8%
 - o Another four properties under development are scheduled for completion in FY2009/2QFY2010 in Malaysia and China
- Low net debt to equity ratio of 0.05 times and a strong cash position of S\$155.6 million, as at September 30, 2008

Singapore, November 14, 2008 – Mainboard-listed Metro Holdings Limited (“Metro Holdings” or the “Group”)(“美罗控股有限公司”), a growing property development and investment group backed by established retail operations in the region, today reported a 17.4% decline in revenue to S\$93.6 million for the first half ended September 30, 2008 (“1HFY2009”). Group net profit for 1HFY2009 declined by 96.4% to S\$0.7 million.

For 2QFY2009, revenue dipped 19.5% to S\$46.9 million, with a net loss of S\$4.9 million, as compared to a profit of S\$4.8 million in 2QFY2008.

Page 1 of 5

Review of Financial Performance

Compared to the corresponding half year in the last financial year, the decline in Group turnover in 1HFY2009 was mainly due to the exclusion of the Group's retail division's S\$27.9 million sales from the Metro Tampines department store, which closed in August 2007.

Quarter-on-quarter, turnover of the retail division's continuing stores had risen to S\$34.8 million in 2QFY2009 from S\$30.7 million in 2QFY2008; but, this was insufficient to offset Metro Tampines' strongly supported closing down sales of S\$17.4 million in 2QFY2008.

This retail decrease was partially mitigated by an 18.0% increase in revenue contribution to S\$12.1 million (from S\$10.2 million) from the Group's property division over the same period. Premium rental rates were attained as a result of good demand for its Grade A properties in first-tier cities in China, in particular, Shanghai and Beijing. The Group also has a presence in Guangzhou. Higher rental income of S\$1.1 million from Metro City Shanghai and S\$0.6 million from Metro City Beijing, and a strengthening of the Chinese yuan against the Singapore dollar accounted for the improvement in the property division's revenue in 2QFY2009. Metro City Shanghai and Metro Tower maintained high occupancies amidst rising rental rates whilst Metro Beijing's occupancy declined as adjustments were made to its tenants listing to achieve a more appropriate retail mix to cater to customers to its catchment area. GIE Tower maintained its occupancy rate for the quarter.

The Group's 2QFY2009 pretax profit was eroded as a result of a decrease of S\$9.3 million (unrealised) in the fair value of the property division's portfolio of short-term investments. This comprised mainly of investments in units in locally-listed REITS. Share of associated companies' loss also widened from S\$1.3 million in 2QFY2008 to a loss of approximately S\$3.0 million in 2QFY2009. This was largely due to the exclusion of operating profit from Gurney Plaza which was disposed in November 2007.

By business segment, the Group's property division dipped into the red, from a profit of S\$3.7 million last year to a loss of S\$2.3 million in 2QFY2009 as a result of the decline in fair value of the portfolio of short term investments. The Group's retail division registered a 73.5% drop in profit to close to S\$1.0 million in 2QFY2009 from S\$3.8 million registered in the corresponding quarter last year, reflecting the impact from the closure of Metro Tampines as well as start-up costs of the retail division's associated company's new store in Indonesia.

"Notwithstanding the financial turmoil and difficult retail operating environment, operationally, we have done well for both property and retail divisions. However, we were affected mainly by a decrease in the fair value (unrealised) of our short term investments due to market volatilities.

"We have once again noted good momentum from our commercial and retail properties in first-tier cities in China, particularly in both Shanghai and Beijing. The commercial and retail property markets in China remain relatively resilient for Grade A properties in prime locations. In Shanghai, for example, our Grade A offices and retail space located in the prime Xujiahui area continue to enjoy high rentals and occupancy rates. In Beijing, some weakening has been experienced for Grade A offices and retail space in general. Indeed, due to the temporary halt of construction and fits-outs in mid-2008 by the Chinese government due to the Beijing Olympics, some delays will be expected for our properties in Beijing, namely, 1 Financial Street to the end of this financial year, and Metropolis Tower and EC Mall to 2QFY2010. In the long term, we remain optimistic of the Beijing market.

"Going forward, with a low net debt to equity ratio of 0.05 times and a strong cash position of S\$155.6 million, we will continue to leverage on our rich retail heritage to prudently grow our commercial and retail property business in China and the region," said Lt Gen (Retd) Winston Choo (朱维良), Chairman of Metro Holdings Limited.

Strong Balance Sheet

The Group's balance sheet remained strong, reflecting total shareholders' equity of S\$860.0 million, a healthy cash position of S\$155.6 million and relatively low net gearing of 0.05 times, as at September 30, 2008.

Outlook

The Group's four properties, located in China's first-tier cities, enjoyed healthy occupancy rates averaging close to 85.8%, and are expected to continue to provide a steady flow of rental. Of the Group's four properties under development, held by associates, the Gurney Plaza Extension is expected to be the first to be completed, with a soft opening in late November 2008 and occupancy of 90%. Due to delays caused by the Beijing Olympics, the 1 Financial Street project is only expected to complete its fitting out works towards the end of the current financial year with the other two Beijing properties opening in 2QFY2010. Volatile market conditions will continue to adversely affect the fair value of the Group's portfolio of quoted equity investments.

In retail, the global economic downturn is expected to affect the Singapore and Indonesian economies. Thus, a slowdown in the trading environment of the retail division is expected.

About Metro Holdings Limited

Listed on the Mainboard of the SGX-ST in 1973, Metro Holdings was founded in 1957 by its former chairman, Ong Tjoe Kim. Starting out as a textile store on 72 High Street, Metro has grown over the years to become a property and retail group with a turnover of S\$224.4 million and net assets of S\$879.6 million as at March 31, 2008.

Today, the Group operates two core business segments – property development and investment, and retail – and is focused on key markets in the region such as China, Indonesia and Singapore.

Property Development and Investment

The Group's property arm owns and manages several prime retail and office properties in first-tier cities in China, such as Beijing, Shanghai and Guangzhou, and also holds significant investments in certain property businesses in China.

Retail Operations

Metro's retail arm serves customers through a chain of three Metro department stores and four "Accessorize" specialty stores in Singapore, and another five department stores in Jakarta and Bandung, Indonesia. The Metro shopping brand is an established household name in the retail industry, and offers a wide range of quality merchandise over 821,000 square feet of downtown and suburban retail space.

ISSUED ON BEHALF OF	:	Metro Holdings Limited
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 1 Raffles Place #26-02 OUB Centre SINGAPORE 048616
CONTACT	:	Ms Dolores Phua / Ms Karin Xiao at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9750-8237 / 9827-5226 (Handphone)
EMAIL	:	dolores.phua@citigatedrimage.com karin.xiao@citigatedrimage.com

166/08/005/MHL

November 14, 2008