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Second Quarter Results * Financial Statement And Related Announcement

* 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
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2010
Description	Please refer to attached announcement.

Attachments
 [2ndquarterresults.pdf](#)

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METRO HOLDINGS LIMITED

The Board of Directors of Metro Holdings Limited is pleased to announce the following:-

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2010

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2nd Qtr ended 30-Sep-2010 \$'000	2nd Qtr ended 30-Sep-2009 \$'000	% Change	Half Year ended 30-Sep-2010 \$'000	Half Year ended 30-Sep-2009 \$'000	% Change
Revenue	43,372	36,236	19.69	82,567	69,679	18.50
Cost of Revenue	(28,493)	(25,662)	11.03	(56,402)	(49,519)	13.90
Gross Profit	14,879	10,574	40.71	26,165	20,160	29.79
Other income including interest income	25,935	15,853	63.60	38,324	36,674	4.50
General and administrative expenses	(27,783)	(6,370)	336.15	(33,954)	(11,580)	193.21
Profit from operating activities	13,031	20,057	(35.03)	30,535	45,254	(32.53)
Finance costs	(3,647)	(1,768)	106.28	(6,584)	(3,722)	76.89
Share of associates' results (net of tax)	49,207	(5,123)	n.m.	43,835	(11,155)	n.m.
Profit from operating activities before taxation	58,591	13,166	345.02	67,786	30,377	123.15
Taxation	(6,475)	(3,747)	72.80	(8,643)	(7,837)	10.28
Profit after taxation	52,116	9,419	453.31	59,143	22,540	162.39
Attributable to:						
Owners of the Company	51,910	9,325	456.68	58,840	22,410	162.56
Non-controlling interests	206	94	119.15	303	130	133.08
	52,116	9,419	453.31	59,143	22,540	162.39

n.m. - not meaningful

1(a) (i) Statement of Comprehensive Income

	Group			Group		
	2nd Qtr	2nd Qtr	% Change	Half Year	Half Year	% Change
	ended 30-Sep-2010 \$'000	ended 30-Sep-2009 \$'000		ended 30-Sep-2010 \$'000	ended 30-Sep-2009 \$'000	
Profit for the period	52,116	9,419	453.31	59,143	22,540	162.39
Other comprehensive income:						
Currency translation adjustments on foreign operations	(22,491)	(16,173)	39.07	(20,067)	(47,789)	(58.01)
Surplus on revaluation of investment property	2,573	-	n.m.	2,573	-	n.m.
Changes in fair value of available-for-sale financial assets	3,522	(15,274)	n.m.	(5,223)	29,423	n.m.
Other comprehensive expense for the the period, net of tax	(16,396)	(31,447)	(47.86)	(22,717)	(18,366)	23.69
Total comprehensive income/(expense) for the period	<u>35,720</u>	<u>(22,028)</u>	n.m.	<u>36,426</u>	<u>4,174</u>	772.69
Attributable to:						
Owners of the Company	35,651	(21,121)	n.m.	36,794	2,523	1,358.34
Non-controlling interests	69	(907)	n.m.	(368)	1,651	n.m.
	<u>35,720</u>	<u>(22,028)</u>	n.m.	<u>36,426</u>	<u>4,174</u>	772.69

n.m. - not meaningful

Currency translation adjustments on foreign operations are mainly a result of the Group's exposure to the effects of fluctuations in foreign currency exchange rates primarily in relation to Chinese renminbi as most of the Group's investment properties are situated in the People's Republic of China. Whenever possible, the Group seeks to maintain a natural hedge through the matching of liabilities, including borrowings, against assets in the same currency.

Changes in fair value of available-for-sale financial assets relates to fluctuations in the fair value of the Group's investments in Shui On Land Ltd.

1 (a) (ii)

Revenue

Revenue of the Group comprises sales of goods and services and net commission from concessionaires.

Turnover of the Group reported on a gross transaction basis, which represents the value of the overall activity of the Group based on the gross value achieved by the concessionaire on the sale, is presented as follows:-

	Group			Group		
	2nd Qtr ended 30-Sep-2010 \$'000	2nd Qtr ended 30-Sep-2009 \$'000	% Change	Half Year ended 30-Sep-2010 \$'000	Half Year ended 30-Sep-2009 \$'000	% Change
Retail	44,207	37,798	16.96	86,716	73,863	17.40
Property	16,542	13,417	23.29	30,778	26,432	16.44
	<u>60,749</u>	<u>51,215</u>	18.62	<u>117,494</u>	<u>100,295</u>	17.15

1(a) (iii) Profit before taxation is arrived at after accounting for:-

	Group			Group		
	2nd Qtr	2nd Qtr	% Change	Half Year	Half Year	% Change
	ended 30-Sep-2010 \$'000	ended 30-Sep-2009 \$'000		ended 30-Sep-2010 \$'000	ended 30-Sep-2009 \$'000	
Cost of revenue and general and administrative expenses includes:-						
Inventories recognised as an expense	(13,356)	(11,729)	13.87	(25,457)	(22,017)	15.62
Depreciation	(725)	(576)	25.87	(1,426)	(1,066)	33.77
Reversal of/(Provision for) obsolete inventory	8	(32)	n.m.	(6)	(43)	(86.05)
Write off of inventory	(41)	(24)	70.83	(471)	(394)	19.54
Rental expense	(5,105)	(4,156)	22.83	(10,161)	(8,129)	25.00
Impairment loss on amount due from associate *	(4,230)	-	n.m.	(4,230)	-	n.m.
Foreign exchange (loss)/gain	(2,980)	212	n.m.	(2,980)	295	n.m.
Foreign exchange loss realised on repayment of shareholders loans *	(10,735)	-	n.m.	(10,735)	-	n.m.
Other income including interest income includes:-						
Interest income	9,125	10,582	(13.77)	18,663	20,515	(9.03)
Dividends from quoted and unquoted investments	1,871	1,277	46.52	3,874	1,840	110.54
Changes in fair value of held-for-trading investments	4,039	(579)	n.m.	3,497	6,760	(48.27)
Gain on disposal of available-for-sale investments	2,575	1,581	62.87	2,575	2,056	25.24
Gain on disposal of short term investments	-	944	n.m.	-	944	n.m.
Gain on disposal of jointly controlled entity	4,569	-	n.m.	4,569	-	n.m.
Management and advisory fees	441	457	(3.50)	820	783	4.73
Foreign exchange gain	706	494	42.91	757	1,391	(45.58)
Negative goodwill	1,337	-	n.m.	1,337	-	n.m.

n.m. - not meaningful

* A subsidiary company made quasi-equity interest-bearing shareholder loans in RMB to an associate, China Infrastructure Group Ltd (“CIG”) to enable CIG to acquire subsidiaries which owned the 1 Financial Street building in Beijing. CIG disposed of the subsidiaries in 2QFY2011 and repaid the quasi-equity shareholder loans using the net proceeds from the said-disposal but because there was a shortfall of \$4.2 million, the Group incurred an impairment loss. As the quasi-equity shareholder loans were accounted for as part of the net investment in the associate, the foreign exchange translation gains or losses arising thereof had previously been taken to the foreign exchange translation reserve. \$7.9 million of the net foreign exchange loss on the quasi-equity shareholder loans was charged to the income statement in 2QFY2011 upon settlement of the quasi-equity shareholder loans. A further foreign exchange loss of \$2.8 million was recognised on settlement of similar quasi-equity shareholder loans made to certain jointly controlled entities.

1 (a) (iv) Share of Associates' results (net of tax)

	Group		% Change	Group		% Change
	2nd Qtr ended 30-Sep-2010 \$'000	2nd Qtr ended 30-Sep-2009 \$'000		Half year ended 30-Sep-2010 \$'000	Half year ended 30-Sep-2009 \$'000	
The Group's share of associates' results consists of:						
- Operating results	(5,903)	(4,998)	18.11	(11,104)	(10,898)	1.89
- Non-operating results *	67,905	-	100.00	67,905	-	100.00
- Taxation *	(12,795)	(125)	10,136.00	(12,966)	(257)	4,945.14
	<u>49,207</u>	<u>(5,123)</u>	n.m.	<u>43,835</u>	<u>(11,155)</u>	n.m.

n.m. - not meaningful

* The non-operating results of associates of \$67.9 million refer to a divestment gain made by CIG (as mentioned in Note 1(a)(iii)). The tax expense incurred in respect of this divestment gain was \$12.6 million.

1(a) (v) Taxation

	Group		% Change	Group		% Change
	2nd Qtr ended 30-Sep-2010 \$'000	2nd Qtr ended 30-Sep-2009 \$'000		Half year ended 30-Sep-2010 \$'000	Half year ended 30-Sep-2009 \$'000	
Current Year Tax	5,041	2,174	131.88	6,652	4,601	44.58
(Over)/under provision in respect of prior years	-	(60)	(100.00)	-	61	(100.00)
Deferred Tax	1,458	1,594	(8.53)	1,991	3,116	(36.10)
Withholding Tax	(24)	39	n.m.	-	59	(100.00)
	<u>6,475</u>	<u>3,747</u>	72.80	<u>8,643</u>	<u>7,837</u>	10.28

n.m. - not meaningful

The tax charge of the Group for the period ended 30 September 2010, excluding share of associated companies' results which is already stated net of tax, is higher than that derived by applying the standard rate applicable to company profits mainly due to higher tax rates applied to overseas subsidiaries and jointly controlled entity and losses in subsidiaries which are not available for set off against Group results for tax purposes and expenditure not deductible for tax purposes.

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets as at

	Group		Company	
	30-Sep-2010 \$'000	31-Mar-2010 \$'000	30-Sep-2010 \$'000	31-Mar-2010 \$'000
Non-current assets				
Property, plant and equipment	13,656	13,720	8,185	7,895
Investment properties	692,317	630,773	-	-
Subsidiaries	-	-	17,174	17,174
Amounts due from subsidiaries	-	-	305,800	481,718
Associates	74,695	50,545	500	500
Amounts due from associates	36,054	255,337	-	-
Amounts due from jointly controlled entities	1,505	55,807	-	-
Investments	44,778	58,997	-	-
	<u>863,005</u>	<u>1,065,179</u>	<u>331,659</u>	<u>507,287</u>
Current assets				
Inventories	12,333	11,306	-	-
Deposits and prepayments	9,478	4,717	189	334
Accounts receivable	21,335	12,690	155	171
Short term investments	47,537	44,040	-	-
Collateral assets	51,625	51,625	-	-
Pledged fixed deposits	33,550	26,752	-	17,028
Cash and cash equivalents	434,462	147,372	233,012	1,381
	<u>610,320</u>	<u>298,502</u>	<u>233,356</u>	<u>18,914</u>
Current liabilities				
Bank borrowings	83,467	72,658	-	-
Accounts payable	81,367	75,766	7,656	4,882
Provision for taxation	7,712	4,711	83	110
	<u>172,546</u>	<u>153,135</u>	<u>7,739</u>	<u>4,992</u>
Net current assets	437,774	145,367	225,617	13,922
Non-current liabilities				
Bank borrowings	209,899	140,536	-	-
Amounts due to subsidiaries	-	-	266,493	275,965
Financial guarantees	-	357	-	357
Deferred taxation	73,756	73,947	445	418
	<u>(283,655)</u>	<u>(214,840)</u>	<u>(266,938)</u>	<u>(276,740)</u>
Net assets	<u>1,017,124</u>	<u>995,706</u>	<u>290,338</u>	<u>244,469</u>
Equity attributable to owners of the Company				
Share capital	135,069	130,379	135,069	130,379
Treasury shares	(1,397)	(1,397)	(1,397)	(1,397)
Reserves	879,055	861,959	156,666	115,487
	<u>1,012,727</u>	<u>990,941</u>	<u>290,338</u>	<u>244,469</u>
Non-controlling interests	4,397	4,765	-	-
Total equity	<u>1,017,124</u>	<u>995,706</u>	<u>290,338</u>	<u>244,469</u>

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

Amount repayable in one year or less, or on demand

As at 30-Sep-2010		As at 31-Mar-2010	
Secured	Unsecured	Secured	Unsecured
83,466,645	-	70,095,582	2,562,500

Amount repayable after one year

As at 30-Sep-2010		As at 31-Mar-2010	
Secured	Unsecured	Secured	Unsecured
209,899,024	-	140,535,887	-

Details of any collateral

An investment property with a fair value as at 30 September 2010 totaling S\$162.0 million has been mortgaged to banks for banking facilities granted to a jointly controlled entity. Total loans drawn on such facilities as at 30 September 2010 amounted to S\$98.5 million. An investment property with a fair value as at 30 September 2010 totaling S\$93.7 million and fixed deposits totaling S\$33.6 million have been mortgaged to banks for banking facilities granted to certain subsidiaries. Total loans drawn on such facilities as at 30 September 2010 amounted to JPY6.1 billion (equivalent to S\$96.4 million). Short term loans of HK\$99.5 million (equivalent to S\$16.9 million) and US\$25.0 million (equivalent to S\$32.9 million) granted to subsidiaries were secured by marketable securities and shares of subsidiaries which own an investment property with a fair value as at 30 September 2010 of S\$89.8 million. Bank facilities granted to a jointly controlled entity, of which an amount of RMB247.4 million (equivalent to S\$48.7 million) have been drawn, were secured by an investment property with a fair value as at 30 September 2010 of S\$101.4 million.

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

Consolidated Cash Flow Statement for the period

	Group	
	2nd Qtr ended 30-Sep-2010 \$'000	2nd Qtr ended 30-Sep-2009 \$'000
Cash flows from operating activities		
Operating profit before reinvestment in working capital	1,837	7,065
Increase in inventories	(434)	(753)
(Increase)/decrease in accounts receivable	(5,091)	2,866
(Increase)/decrease in deposits and prepayments	(4,342)	1,039
Decrease in short term investments	-	2,846
Increase/(decrease) in accounts payable	560	(9,098)
Cash (used in)/generated from operations	(7,470)	3,965
Interest expense paid	(3,647)	(1,768)
Interest income received	4,171	2,327
Income taxes paid	(1,776)	(2,206)
Net cash (used in)/provided by operating activities	<u>(8,722)</u>	<u>2,318</u>
Cash flows from investing activities		
Additions to property, plant & equipment	(1,014)	(3,391)
Additional cost to investment properties	(578)	-
Additional cost to properties under development	-	(2,605)
Partial acquisition of jointly controlled entity	254	-
Proceeds from sale of property, plant & equipment	-	3
Purchase of treasury shares	-	(620)
Proceeds from sale of available-for-sale investments	9,966	3,061
Increase in investments	(1,974)	-
Decrease in amount owing by associates	231,869	-
Repayment of/(additional) loans to jointly controlled entities	37,673	(4,036)
Disposal of jointly controlled entity	(3,807)	-
Dividends received from quoted and unquoted investments	2,960	1,277
Changes in fixed deposits held as security	3,490	(6,417)
Net cash provided by/(used in) investing activities	<u>278,839</u>	<u>(12,728)</u>
Cash flows from financing activities		
Drawdown of bank borrowings	190	29,867
Repayment of bank borrowings	(2,563)	(2,650)
Dividend paid during the period	(19,229)	(12,600)
Proceeds from issue of shares	4,217	-
Net cash (used in)/provided by financing activities	<u>(17,385)</u>	<u>14,617</u>
Net increase in cash and cash equivalents	252,732	4,207
Effect of exchange rate changes on cash and cash equivalents	(2,575)	(1,108)
Cash & cash equivalents at beginning of financial period	<u>184,305</u>	<u>161,570</u>
Cash & cash equivalents at end of financial period	<u><u>434,462</u></u>	<u><u>164,669</u></u>

Consolidated Cash Flow Statement for the period ended (Cont'd)

	Group	
	2nd Qtr ended 30-Sep-2010 \$'000	2nd Qtr ended 30-Sep-2009 \$'000
Reconciliation between profit before taxation and operating profit before reinvestment in working capital:		
Profit before taxation	58,591	13,166
Adjustments for:		
Interest expense	3,647	1,768
Depreciation of property, plant and equipment	725	576
Share of results of associates (net of tax)	(49,207)	5,123
Inventory written off	41	24
(Write back of)/provision for obsolete stock	(8)	32
Loss/(profit) on disposal of property, plant and equipment	124	(1)
Gain on disposal of available-for-sale investments	(2,575)	(1,581)
Gain on disposal of short term investments	-	(944)
Gain on disposal of jointly controlled entity	(4,569)	-
Interest and investment income	(10,996)	(11,859)
Foreign exchange adjustments	11,440	182
Changes in fair value of held-for-trading investments	(4,039)	579
Negative goodwill	(1,337)	-
Operating profit before reinvestment in working capital	1,837	7,065

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share Capital \$'000	Treasury Shares \$'000	Warrant Reserve \$'000	Revaluation Reserve \$'000	Fair Value Reserve \$'000	Foreign Currency Translation Reserve \$'000	Revenue Reserve \$'000	Total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
At 1 April 2010	130,379	(1,397)	3,893	16,891	16,173	(3,447)	828,449	990,941	4,765	995,706
Conversion of warrants into shares	4	-	-	-	-	-	-	4	-	4
Total comprehensive income for the period	-	-	-	-	(8,220)	2,433	6,930	1,143	(437)	706
At 30 June 2010	130,383	(1,397)	3,893	16,891	7,953	(1,014)	835,379	992,088	4,328	996,416
Dividend paid	-	-	-	-	-	-	(19,229)	(19,229)	-	(19,229)
Conversion of warrants into shares	4,686	-	(469)	-	-	-	-	4,217	-	4,217
Total comprehensive income for the period	-	-	-	2,573	3,310	(22,142)	51,910	35,651	69	35,720
At 30 September 2010	135,069	(1,397)	3,424	19,464	11,263	(23,156)	868,060	1,012,727	4,397	1,017,124
At 1 April 2009	126,155	(266)	4,315	16,891	(4,390)	44,099	747,188	933,992	2,580	936,572
Total comprehensive income for the period	-	-	-	-	42,015	(31,456)	13,085	23,644	2,558	26,202
At 30 June 2009	126,155	(266)	4,315	16,891	37,625	12,643	760,273	957,636	5,138	962,774
Dividend paid	-	-	-	-	-	-	(12,600)	(12,600)	-	(12,600)
Purchase of treasury shares	-	(620)	-	-	-	-	-	(620)	-	(620)
Total comprehensive income for the period	-	-	-	-	(14,494)	(15,952)	9,325	(21,121)	(907)	(22,028)
At 30 September 2009	126,155	(886)	4,315	16,891	23,131	(3,309)	756,998	923,295	4,231	927,526

Statement of Changes in Shareholders' Equity (Cont'd)

<u>Company</u>	Share Capital \$'000	Treasury Shares \$'000	Warrant Reserve \$'000	Revaluation Reserve \$'000	Revenue Reserve \$'000	Total Equity \$'000
At 1 April 2010	130,379	(1,397)	3,893	6,301	105,293	244,469
Conversion of warrants into shares	4	-	-	-	-	4
Total comprehensive income for the period	-	-	-	-	(1,513)	(1,513)
At 30 June 2010	130,383	(1,397)	3,893	6,301	103,780	242,960
Dividend paid	-	-	-	-	(19,229)	(19,229)
Conversion of warrants into shares	4,686	-	(469)	-	-	4,217
Total comprehensive income for the period	-	-	-	-	62,390	62,390
At 30 September 2010	135,069	(1,397)	3,424	6,301	146,941	290,338
At 1 April 2009	126,155	(266)	4,315	6,301	84,886	221,391
Total comprehensive income for the period	-	-	-	-	(5,095)	(5,095)
At 30 June 2009	126,155	(266)	4,315	6,301	79,791	216,296
Dividend paid	-	-	-	-	(12,600)	(12,600)
Purchase of treasury shares	-	(620)	-	-	-	(620)
Total comprehensive income for the period	-	-	-	-	(3,866)	(3,866)
At 30 September 2009	126,155	(886)	4,315	6,301	63,325	199,210

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 30 September 2010, there were 2,469,000 treasury shares (as at 30 September 2009: 1,769,000).

During the 3 months ended 30 September 2010, the Company issued 6,694,080 shares from the exercise of 6,694,080 warrants arising from the warrants issued.

As at 30 September 2010, there were 50,344,310 warrants (as at 30 September 2009: 63,077,667) that could be exercised into ordinary shares. Each warrant carries the right to subscribe in cash for one new share in the issued share capital of the Company at \$0.63.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 September 2010 (end of current financial period)	As at 31 March 2010 (end of immediately preceding year)
Total number of issued shares (excluding treasury shares)	641,041,033	634,341,140

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company did not sell, transfer, dispose, cancel or use any treasury shares in the 2nd Quarter period ended 30 September 2010.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recently audited financial statements as at 31 March 2010.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the improvements to Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 April 2010, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the retained earnings of the Group as at 1 April 2010.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings Per Share

	Group Figures	
	Latest Period	Previous corresponding period
Earnings per ordinary share based on net profit attributable to shareholders and after deducting any provision for preference dividends		
(a) Based on existing issued share capital	8.2 cents	1.48 cents
(b) On a fully diluted basis	7.6 cents	N.A.

Earnings per share is calculated on the Group's profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares of 633,664,746 for the quarter ended 30 September 2010 (quarter ended 30 September 2009: 630,031,281).

Diluted earnings per ordinary share is computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the periods under review and adjusted to include all potential dilutive ordinary shares up to 30 September 2010.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

Net Asset Value

	Group	Company
Net asset value per ordinary share based on issued share capital at end of the period reported on		
(a) Current Period	158.0 cents	45.3 cents
(b) 31 March 2010	156.2 cents	38.5 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8(a) Segmental Results for Second Quarter ended 30 September

Business segment

	Property \$'000	Retail \$'000	Inter-segment Elimination \$'000	Group \$'000
2010				
Sales to external customers	16,542	26,830	-	43,372
Inter-segment sales	568	-	(568)	-
Segment revenue	<u>17,110</u>	<u>26,830</u>	<u>(568)</u>	<u>43,372</u>
Segment results	11,403	1,628	-	13,031
Finance costs	(3,647)	-	-	(3,647)
Share of associates' results (net of tax)	48,781	426	-	49,207
Profit before taxation	<u>56,537</u>	<u>2,054</u>	<u>-</u>	<u>58,591</u>
Taxation				(6,475)
Profit for the period				<u>52,116</u>
Attributable to:				
Owners of the Company				51,910
Non-controlling interests				206
				<u>52,116</u>

8(a) Segmental Results for Second Quarter ended 30 September (Cont'd)

Business segment

	Property \$'000	Retail \$'000	Inter-segment Elimination \$'000	Group \$'000
2009				
Sales to external customers	13,417	22,819	-	36,236
Inter-segment sales	217	-	(217)	-
Segment revenue	<u>13,634</u>	<u>22,819</u>	<u>(217)</u>	<u>36,236</u>
Segment results	19,213	844	-	20,057
Finance costs	(1,768)	-	-	(1,768)
Share of associates' results (net of tax)	<u>(5,451)</u>	<u>328</u>	<u>-</u>	<u>(5,123)</u>
Profit before taxation	11,994	1,172	-	13,166
Taxation				<u>(3,747)</u>
Profit for the period				<u>9,419</u>
Attributable to:				
Owners of the Company				9,325
Non-controlling interests				<u>94</u>
				<u>9,419</u>

Geographical Segments

	Asean \$'000	Japan, Hong Kong and China \$'000	Group \$'000
2010			
Segment revenue	<u>26,830</u>	<u>16,542</u>	<u>43,372</u>
2009			
Segment revenue	<u>22,819</u>	<u>13,417</u>	<u>36,236</u>

8(b) Review

The Group's turnover for the second financial quarter to 30 September 2010 ("2QFY2011") increased to \$43.4 million from \$36.2 million in the previous corresponding quarter ("2QFY2010") with both the retail division reporting higher sales and the property division reporting higher rental. Profit before tax of \$58.6 million rose substantially from \$13.2 million in 2QFY2010 mainly because the associate, CIG, recorded a divestment gain of \$55.3 million on the disposal of its subsidiaries which own 1 Financial Street, Beijing.

The property division's revenue for 2QFY2011 rose to \$16.5 million from \$13.4 million for 2QFY2010. Higher rental income from Metro City Shanghai after completion of an asset enhancement exercise, EC Mall and Metropolis Tower due to improving occupancies and the initial rental from the newly acquired Frontier Koishikawa Building helped to offset Metro Tower Shanghai's lower rental due to lower occupancy.

Profit before taxation of the property division was reported at \$56.5 million in 2QFY2011 as compared to \$12.0 million in 2QFY2010. This reflects the gain reported by the associate, CIG, on the disposal of its subsidiaries owning 1 Financial Street of \$55.3 million. The gain was offset by related foreign exchange translation and impairment losses of \$7.9 million and \$4.2 million respectively, as well as higher provisions for management performance bonuses of \$4.6 million, compared with \$1.0 million in 2QFY2010, all included under general and administrative expenses. The divestment of the jointly controlled entity owning Metropolis Tower in late 2QFY2011 also resulted in a gain of \$4.6 million offset by foreign exchange translation losses of \$2.8 million. Other income also increased due to a \$4.0 million gain as compared to a \$0.6 million decline in 2QFY2010, in the fair value of the Group's portfolio of short term investments.

The portfolio summary of the Group's Properties as at 30 September 2010 is as follows:

	<i>Percentage owned by the Group</i>	<i>Tenure</i>	<i>No. of Tenants</i>	<i>Occupancy Rate (%)</i>
Metro City, Shanghai	60%	36 year term from 1993	110	98.3%
Metro City, Beijing	50%	40 year term from 2004	14	74.6%
GIE Tower, Guangzhou	100%	50 year term from 1994	41	92.7%
Metro Tower, Shanghai	60%	50 year term from 1993	21	76.1%
Frontier Koishikawa Building, Tokyo	100%	Freehold	5	73.2%
Gurney Plaza Extension, Penang	49%	Freehold	54	100%
EC Mall, Beijing	31.65%	50 year term from 2001	72	83.6%

Sales of the retail division rose 17.6% to \$26.8 million as compared with 2QFY2010 with the sales of the new Metro City Square department store in Singapore providing most of the higher sales. Trading for the retail sector expanded with a higher level of activity in Orchard Road as well as from festive and other promotional sale events. Sales and profitability of the retail division's associated company in Indonesia remained steady.

During 2QFY2011, Investment properties decreased from \$727.7 million to \$692.3 million mainly due to the sale of the jointly controlled entity owning Metropolis Tower. This also had the effect of reducing Amounts due from jointly controlled entities from \$25.6 million to \$1.5 million with the repayment of loans made to the jointly controlled entity owning Metropolis Tower. Proceeds from the divestment by the associate, CIG, of the subsidiaries owning 1 Financial Street, were used to pay down Amounts due from associates which fell from \$258.4 million to \$36.1 million. Cash and cash equivalents rose accordingly from \$184.3 million to \$434.5 million. Investments (non-current assets) declined from \$50.2 million to \$44.8 million with the disposal of part of the portfolio, offset by an increase in the fair value of investments in Shui On Land Ltd of \$3.5 million. There were no other material factors that affected the cashflow, working capital, assets and liabilities of the Group during the current financial quarter reported on.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been issued for the period being reported on.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Rental income of the Group's investment properties is expected to continue to grow steadily with improved occupancy of Metro City in Shanghai and EC Mall, in Beijing, and the contribution from Frontier Koishikawa Building in Japan.

The trading environment for the retail trade is expected to remain unchanged.

11. Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Special Interim Tax exempt (one-tier)
Dividend Type	Cash
Dividend Amount per share (in cent)	2.0 cents per ordinary share

(b) Corresponding Period of the Immediately preceding financial year? None

(c) Date payable

The dividend payment date will be announced later.

(d) Book closure date

The notice of the closure of the Register of Members and Transfer Books of the Company for the purposes of determining the entitlement to the dividend will be announced later.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

13. Negative assurance statement by directors

The Board of Directors confirms that to the best of their knowledge, nothing has come to their attention which may render the second quarter financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries
Date 12 November 2010