

# WHEELOCK

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## PROPERTIES

Co. Reg. No. 197201797H  
(Incorporated in the Republic of Singapore)

### UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

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**WHEELOCK PROPERTIES (SINGAPORE) LIMITED**  
(Incorporated in the Republic of Singapore)

**1(a) CONSOLIDATED INCOME STATEMENT**

|  | Year/Period ended |             |        |
|--|-------------------|-------------|--------|
|  | 31 Dec 2008       | 31 Dec 2007 | Change |
|  | \$'000            | \$'000      | %      |
| Revenue  | 454,635           | 380,887     | 19.4   |
| Cost of Sales                                  | (238,359)         | (236,081)   | 1.0    |
| <b>Gross Profit</b>                            | 216,276           | 144,806     | 49.4   |
| Other Income                                   |                   |             |        |
| - Changes in Fair Value on Investment Property | 88,779            | 200,118     | -55.6  |
| - Others                                       | 5,420             | 5,650       | -4.1   |
|  | 94,199            | 205,768     | -54.2  |
| Selling and Marketing Expenses                 | (368)             | (143)       | 157.3  |
| Administrative and Corporate Expenses          | (8,968)           | (8,412)     | 6.6    |
| Other Operating Expenses                       |                   |             |        |
| - Impairment Loss on Investments               | (200,061)         | 0           | NA     |
| - Others                                       | (861)             | (5,847)     | -85.3  |
|  | (200,922)         | (5,847)     | NM     |
| <b>Profit From Operations</b>                  | 100,217           | 336,172     | -70.2  |
| Finance Costs                                  | (2,131)           | (3,052)     | -30.2  |
| <b>Profit Before Taxation</b>                  | 98,086            | 333,120     | -70.6  |
| Income Tax Credit/(Expense)                    | 2,863             | (59,628)    | 104.8  |
| <b>Profit For The Year/Period</b>              | 100,949           | 273,492     | -63.1  |

The Group changed its financial year end from 31 March to 31 December. The Group's businesses are not affected significantly by seasonal factors, therefore, the results for the 12-month ended 31 December 2008 are compared against those of the 9-month ended 31 December 2007 of the last financial period.

The following items have been charged or (credited) in arriving at profit for the year/period:

|   | Year/Period ended |             |        |
|---|-------------------|-------------|--------|
|   | 31 Dec 2008       | 31 Dec 2007 | Change |
|   | \$'000            | \$'000      | %      |
| Interest income   | (3,133)           | (5,588)     | -43.9  |
| Gain on disposal of property, plant and equipment                         | (2,152)           | 0           | NA     |
| Others  | (135)             | (62)        | 117.7  |
| Other Income - others   | (5,420)           | (5,650)     | -4.1   |
| Depreciation of property, plant and equipment                             | 208               | 394         | -47.2  |
| Dividend income from investments  | (6,132)           | (30,646)    | -80.0  |
| Exchange loss (net)   | 435               | 5,259       | -91.7  |
| Fixtures, plant and equipment included in investment property written off | 164               | 493         | -66.7  |
| Interest expense  | 2,109             | 3,044       | -30.7  |
| Over provision of tax in prior years                                      | (34,497)          | (492)       | NM     |

NA : Not applicable

NM : Not Meaningful

**1(b)(i) BALANCE SHEETS**

|   | <b>Group</b>       |                    | <b>Company</b>     |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <b>31 Dec 2008</b> | <b>31 Dec 2007</b> | <b>31 Dec 2008</b> | <b>31 Dec 2007</b> |
|   | \$'000             | \$'000             | \$'000             | \$'000             |
| <b>Non-Current Assets</b>                                   |                    |                    |                    |                    |
| Property, Plant and Equipment                               | 125,551            | 132,487            | 125,439            | 115,848            |
| Investment Property   | 790,000            | 700,000            | 0                  | 0                  |
| Amounts Due From Subsidiaries                               | 0                  | 0                  | 573,810            | 560,128            |
| Interests in Subsidiaries                                   | 0                  | 0                  | 227,830            | 211,376            |
| Interests in an Associate                                   | 7                  | 10                 | 0                  | 0                  |
| Investments   | 142,363            | 523,538            | 0                  | 0                  |
| Other Non-Current Assets                                    | 524                | 0                  | 524                | 0                  |
|   | 1,058,445          | 1,356,035          | 927,603            | 887,352            |
| <b>Current Assets</b>                                       |                    |                    |                    |                    |
| Development Properties                                      | 693,041            | 977,518            | 235,196            | 111,225            |
| Trade and Accrued Receivables                               | 148,405            | 39,509             | 13                 | 3,219              |
| Amounts Due From Subsidiaries                               | 0                  | 0                  | 695                | 275,830            |
| Amounts Due From Related Corporations                       | 49                 | 39                 | 44                 | 37                 |
| Other Receivables   | 1,547              | 713                | 278                | 405                |
| Cash and Cash Equivalents                                   | 756,677            | 557,724            | 572,044            | 350,143            |
|   | 1,599,719          | 1,575,503          | 808,270            | 740,859            |
| <b>Total Assets</b>   | 2,658,164          | 2,931,538          | 1,735,873          | 1,628,211          |
| <b>Equity Attributable to Equity Holders of the Company</b> |                    |                    |                    |                    |
| Share Capital   | 1,055,901          | 1,055,901          | 1,055,901          | 1,055,901          |
| Reserves  | 997,702            | 1,126,181          | 376,934            | 147,559            |
| <b>Total Equity</b>   | 2,053,603          | 2,182,082          | 1,432,835          | 1,203,460          |
| <b>Non-Current Liabilities</b>                              |                    |                    |                    |                    |
| Interest-bearing Liabilities(Ref: 1(b)(ii))                 | 297,138            | 503,525            | 193,390            | 193,150            |
| Deferred Tax Liabilities                                    | 78,270             | 130,563            | 529                | 79                 |
|   | 375,408            | 634,088            | 193,919            | 193,229            |
| <b>Current Liabilities</b>                                  |                    |                    |                    |                    |
| Trade Payables  | 54,661             | 40,695             | 6,848              | 8,547              |
| Other Payables  | 22,955             | 21,711             | 6,865              | 8,314              |
| Amounts Due to Subsidiaries                                 | 0                  | 0                  | 95,406             | 202,032            |
| Interest-bearing Liabilities(Ref: 1(b)(ii))                 | 95,000             | 0                  | 0                  | 0                  |
| Current Tax Payable   | 56,537             | 52,962             | 0                  | 12,629             |
|   | 229,153            | 115,368            | 109,119            | 231,522            |
| <b>Total Liabilities</b>                                    | 604,561            | 749,456            | 303,038            | 424,751            |
| <b>Total Equity and Liabilities</b>                         | 2,658,164          | 2,931,538          | 1,735,873          | 1,628,211          |

## COMMENTS ON MAJOR BALANCE SHEET VARIANCES

### Group

Increase in investment property of \$90 million was due to increase in fair value of Wheelock Place.

Decrease in investments of \$381 million was mainly due to the decrease in market value of the Group's investments in Hotel Properties Limited ("HPL") and SC Global Developments Ltd ("SC Global"). The decrease for SC Global and HPL was reversed from the revaluation reserve and charged to the income statement as the investments were considered to be impaired.

Decrease in development properties of \$284 million was mainly due to progress billings from the development properties projects and recognition of the remaining 7% of sales consideration to be billed on The Sea View and The Cosmopolitan upon completion. This was partially offset by recognition of profit on development properties projects and construction costs incurred.

Increase in trade and accrued receivables of \$109 million was mainly due to 8% progress billings from The Cosmopolitan and The Sea View which were only due in January 2009 and recognition of the remaining 7% of sales consideration to be billed on The Sea View and The Cosmopolitan upon completion of the projects in the current year.

Increase in cash of \$199 million was mainly due to sales proceeds received from the development properties projects and the sale of 34 Grosvenor Square, partially offset by repayment of bank loans and payment of dividends.

Decrease in reserves of \$128 million was mainly due to the decrease in market value of the Group's investments in HPL and SC Global and payment of dividends, partially offset by profits recognised in the current year.

Decrease in interest-bearing liabilities of \$111 million was mainly due to progressive repayment of bank loans from sales and rental proceeds.

Decrease in deferred tax liabilities of \$52 million was mainly due to decrease in provision of deferred tax in respect of decrease in market value of the Group's investment in HPL, the reclassification of tax liabilities to current tax payable upon completion of The Sea View and The Cosmopolitan, partially offset by increase in provision of deferred tax in respect of increase in fair value of the Group's investment property and increased profits recognised from Ardmore II.

Increase in current tax payable of \$4 million was mainly due to the reclassification of tax liabilities from deferred tax liabilities upon completion of The Cosmopolitan and The Sea View, partially offset by write-back of prior year tax provided on the gain on sale of Hamptons Group Limited and utilisation of prior years' tax losses which has been agreed by the Inland Revenue Authority of Singapore ("IRAS").

### Company

Decrease in amounts due from subsidiaries of \$261 million was mainly due to repayment of inter-company loans by subsidiaries and provision of impairment loss on inter-company loans to subsidiaries which have impaired their investments in SC Global and HPL, partially offset by the novation of inter-company loan to the holding company from a subsidiary which is in the process of liquidation.

Increase in development properties of \$124 million was mainly due to recognition of profit on Scotts Square and construction costs incurred.

Increase in cash of \$222 million was mainly due to repayment of inter-company loans and transfer of surplus funds from subsidiaries, partially offset by the payment of dividends.

Increase in reserves of \$229 million was mainly due to dividend income from subsidiaries and profit recognition in respect of units sold in Scotts Square, partially offset by impairment loss on inter-company loans to subsidiaries which have impaired their investments in SC Global and HPL respectively and payment of dividends.

Decrease in amounts due to subsidiaries of \$107 million was mainly due to repayment of inter-company loans.

Decrease in current tax payable of \$13 million was mainly due to utilisation of prior years' tax losses which has been finalised by IRAS.

### 1(b)(ii) BORROWINGS

|   | <b>Group</b>       |                    |
|---|--------------------|--------------------|
|   | <b>31 Dec 2008</b> | <b>31 Dec 2007</b> |
|   | \$'000             | \$'000             |
| Repayable within one year:                      |                    |                    |
| Interest-bearing Liabilities (unsecured)        | 95,000             | 0                  |
|   | 95,000             | 0                  |
| Repayable after one year but within five years: |                    |                    |
| Interest-bearing Liabilities (secured)          | 297,138            | 388,525            |
| Interest-bearing Liabilities (unsecured)        | 0                  | 115,000            |
|   | 297,138            | 503,525            |

The secured interest-bearing liabilities are generally secured by mortgages over the Group's development properties and property under development in Singapore, legal assignment of all rights, titles, interests and benefits under contracts in respect of the properties and corporate guarantees issued by the Company.

The secured interest-bearing liabilities are secured on the following assets:

|  | <b>Group</b>       |                    |
|--|--------------------|--------------------|
|  | <b>31 Dec 2008</b> | <b>31 Dec 2007</b> |
|  | \$'000             | \$'000             |
| Development properties                                     | 446,104            | 555,512            |
| Property, plant and equipment (Property under development) | 124,323            | 114,727            |
|  | 570,427            | 670,239            |

## 1(c) CONSOLIDATED CASH FLOW STATEMENT

|   | Year/Period ended |                |
|---|-------------------|----------------|
|   | 31 Dec 2008       | 31 Dec 2007    |
|   | \$'000            | \$'000         |
| <b>Operating Activities</b>   |                   |                |
| Profit for the year/period  | 100,949           | 273,492        |
| Adjustments for:  |                   |                |
| Income tax (credit)/expense   | (2,863)           | 59,628         |
| Depreciation of property, plant and equipment                             | 208               | 394            |
| Exchange (gain)/loss  | (4)               | 5,142          |
| (Gain)/Loss on disposal of property, plant and equipment                  | (2,152)           | 2              |
| Fixtures, plant and equipment included in investment property written off | 164               | 493            |
| Interest expense  | 2,109             | 3,044          |
| Interest income   | (3,133)           | (5,588)        |
| Changes in fair value on investment property                              | (88,779)          | (200,118)      |
| Impairment loss on interests in an associate                              | 3                 | 0              |
| Impairment loss on investments  | 200,061           | 0              |
| Dividend income from investments  | (6,132)           | (30,646)       |
| <b>Operating profit before working capital changes</b>                    | <b>200,431</b>    | <b>105,843</b> |
| Changes in working capital:   |                   |                |
| Development properties  | 283,926           | 91,634         |
| Trade and accrued receivables   | (108,896)         | (37,005)       |
| Amounts due from related corporations                                     | (10)              | 7              |
| Other receivables   | (1,232)           | 560            |
| Trade payables  | 13,966            | (5,587)        |
| Other payables  | 1,270             | 5,694          |
| <b>Cash generated from operations</b>                                     | <b>389,455</b>    | <b>161,146</b> |
| Interest received   | 5,352             | 9,343          |
| Income taxes paid   | (2,530)           | (3,273)        |
| Dividends paid  | (71,794)          | (30,428)       |
| <b>Cash flows from operating activities</b>                               | <b>320,483</b>    | <b>136,788</b> |

|   | <b>Year/Period ended</b> |                    |
|---|--------------------------|--------------------|
|   | <b>31 Dec 2008</b>       | <b>31 Dec 2007</b> |
|   | <b>\$'000</b>            | <b>\$'000</b>      |
| <b>Investing Activities</b>                                     |                          |                    |
| Proceeds from sale of property, plant and equipment             | 19,521                   | 0                  |
| Purchase of property, plant and equipment                       | (9,772)                  | (5,764)            |
| Expenditure on investment property                              | (1,386)                  | (1,839)            |
| Acquisition of investments                                      | (16,258)                 | (159,360)          |
| Dividends received  | 6,132                    | 25,130             |
| <b>Cash flows from investing activities</b>                     | <b>(1,763)</b>           | <b>(141,833)</b>   |
| <b>Financing Activities</b>                                     |                          |                    |
| Repayment of bank loans   | (117,362)                | (114,653)          |
| Drawdown of bank loans  | 5,439                    | 11,093             |
| Finance costs   | (7,844)                  | (13,368)           |
| Deposits pledged  | (10,967)                 | (3,801)            |
| <b>Cash flows from financing activities</b>                     | <b>(130,734)</b>         | <b>(120,729)</b>   |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>     | <b>187,986</b>           | <b>(125,774)</b>   |
| Cash and Cash Equivalents At Beginning of Year/Period           | 553,923                  | 679,697            |
| <b>Cash and Cash Equivalents At End of Year/Period (Note 1)</b> | <b>741,909</b>           | <b>553,923</b>     |

|  | <b>Year/Period ended</b> |                    |
|--|--------------------------|--------------------|
|  | <b>31 Dec 2008</b>       | <b>31 Dec 2007</b> |
|  | <b>\$'000</b>            | <b>\$'000</b>      |
| Note 1   |                          |                    |
| Cash and Cash Equivalents At End of Year/Period in Cash Flow Statement | 741,909                  | 553,923            |
| Add : Deposits pledged   | 14,768                   | 3,801              |
| Cash and Cash Equivalents At End of Year/Period in Balance Sheet       | 756,677                  | 557,724            |



**1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|  | Share<br>Capital | Exchange<br>Fluctuation<br>Reserve | Fair Value<br>And<br>Revaluation<br>Reserve | Accumulated<br>Profits | Total     |
|--|------------------|------------------------------------|---|------------------------|-----------|
|  | \$'000           | \$'000                             | \$'000                                      | \$'000                 | \$'000    |
| <b>Group</b>   |                  |                                    |   |                        |           |
| At 1 January 2008  | 1,055,901        | 0                                  | 157,630                                     | 968,551                | 2,182,082 |
| Net fair value changes on available-for-sale investments                                     | 0                | 0                                  | (323,001)                                   | 0                      | (323,001) |
| Net fair value changes on available-for-sale investments transferred to the income statement | 0                | 0                                  | 165,371                                     | 0                      | 165,371   |
| Exchange differences arising on consolidation of foreign subsidiaries                        | 0                | (4)                                | 0   | 0                      | (4)       |
| Net losses recognised directly in equity   | 0                | (4)                                | (157,630)                                   | 0                      | (157,634) |
| Net profit for the year  | 0                | 0                                  | 0   | 100,949                | 100,949   |
| Total recognised income and expense for the year   | 0                | (4)                                | (157,630)                                   | 100,949                | (56,685)  |
| Dividends paid   | 0                | 0                                  | 0   | (71,794)               | (71,794)  |
| At 31 December 2008  | 1,055,901        | (4)                                | 0   | 997,706                | 2,053,603 |

|  | Share<br>Capital | Exchange<br>Fluctuation<br>Reserve | Fair Value<br>and<br>Revaluation<br>Reserve | Accumulated<br>Profits | Total     |
|--|------------------|------------------------------------|---|------------------------|-----------|
|  | \$'000           | \$'000                             | \$'000                                      | \$'000                 | \$'000    |
| <b>Group</b>   |                  |                                    |   |                        |           |
| At 1 April 2007  | 1,055,901        | (5,147)                            | 267,312                                     | 708,798                | 2,026,864 |
| Effects on adoption of FRS 40  |                  |                                    |   |                        |           |
| - Surplus on revaluation of investment property transferred to accumulated profits | 0                | 0                                  | (20,352)                                    | 20,352                 | 0         |
| - Deferred tax on surplus on revaluation of investment property                    | 0                | 0                                  | 0   | (3,663)                | (3,663)   |
| At 1 April 2007, restated  | 1,055,901        | (5,147)                            | 246,960                                     | 725,487                | 2,023,201 |
| Realisation of reserve upon liquidation of foreign subsidiary                      | 0                | 5,147                              | 0   | 0                      | 5,147     |
| Net fair value changes on available-for-sale investments                           | 0                | 0                                  | (89,330)                                    | 0                      | (89,330)  |
| Net gains/(losses) recognised directly in equity                                   | 0                | 5,147                              | (89,330)                                    | 0                      | (84,183)  |
| Net profit for the period  | 0                | 0                                  | 0   | 273,492                | 273,492   |
| Total recognised income and expense for the period                                 | 0                | 5,147                              | (89,330)                                    | 273,492                | 189,309   |
| Dividends paid   | 0                | 0                                  | 0   | (30,428)               | (30,428)  |
| At 31 December 2007  | 1,055,901        | 0                                  | 157,630                                     | 968,551                | 2,182,082 |

|                                      | Share<br>Capital | Accumulated<br>Profits | Total     |
|--------------------------------------|------------------|------------------------|-----------|
|                                      | \$'000           | \$'000                 | \$'000    |
| <b>Company</b>                       |                  |                        |           |
| At 1 January 2008                    | 1,055,901        | 147,559                | 1,203,460 |
| Net profit for the year              | 0                | 301,169                | 301,169   |
| Total recognised income for the year | 0                | 301,169                | 301,169   |
| Dividends paid                       | 0                | (71,794)               | (71,794)  |
| At 31 December 2008                  | 1,055,901        | 376,934                | 1,432,835 |

|  | Share<br>Capital | Accumulated<br>Profits | Total     |
|--|------------------|------------------------|-----------|
|  | \$'000           | \$'000                 | \$'000    |
| <b>Company</b>                         |                  |                        |           |
| At 1 April 2007                        | 1,055,901        | 167,271                | 1,223,172 |
| Net profit for the period              | 0                | 10,716                 | 10,716    |
| Total recognised income for the period | 0                | 10,716                 | 10,716    |
| Dividends paid                         | 0                | (30,428)               | (30,428)  |
| At 31 December 2007                    | 1,055,901        | 147,559                | 1,203,460 |

#### 1(d)(ii) SHARE CAPITAL

Since the last financial period ended 31 December 2007, there has been no change in the issued and paid-up share capital of the Company.

As at 31 December 2008, there were no unissued shares of the Company or its subsidiaries under option (31 December 2007: nil).

#### 1(e) SHARE PURCHASE

The Company has not made any purchase of its shares during the year ended 31 December 2008.

## 2. REVIEW OF RESULTS BY AUDITORS

These figures have neither been audited nor reviewed by the auditors. However, our auditors have performed certain procedures and enquiries. The audit is in progress and has not yet been completed.

## 3. AUDITORS' REPORT

Not applicable.

## 4. BASIS OF PREPARATION

The Group has adopted the same accounting policies and methods of computation in the financial statements ended 31 December 2008, as compared with the Group's audited financial statements as at 31 December 2007.

## 5. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND METHODS

The Group's investments in quoted equity securities are classified as non-current available-for-sale financial assets. In accordance with Financial Reporting Standard 39 – *Financial Instruments – Recognition and Measurement*, the fair value of the investments of a quoted equity security is usually determined based on the quoted bid price in an active market.

When announcing the September 2008 results, there had been a sudden and sharp deterioration of the world's financial market as a result of the credit crunch caused by sub-prime crisis in the United States of America. Consequent to this global financial crisis, there was huge negative impact and volatility on the major stock markets. Therefore, the Group adopted the view that Revalued Net Asset Value ("RNAV") was a more appropriate basis to determine the fair market value of its investment in quoted equity securities.

Towards the end of 4<sup>th</sup> quarter 2008, the stock market appeared to be more stable than the preceding quarter. The bid prices of the Group's quoted equity securities stabilised, albeit at the low level. In view of the abovementioned, the Group reverted to the quoted bid price to determine the fair value of its investments.

## 6. EARNINGS PER SHARE

|                            | Year/Period ended |             |
|----------------------------|-------------------|-------------|
|                            | 31 Dec 2008       | 31 Dec 2007 |
| Basic earnings per share   | 8.44 cents        | 22.86 cents |
| Diluted earnings per share | 8.44 cents        | 22.86 cents |

Basic and diluted earnings per share are calculated based on the Group's profit attributable to shareholders and on the weighted average number of shares of the Company in issue for the year ended 31 December 2008 of 1,196,559,876 (2007: 1,196,559,876).

## 7. NET ASSET VALUE PER SHARE

| Group       |             | Company     |             |
|-------------|-------------|-------------|-------------|
| 31 Dec 2008 | 31 Dec 2007 | 31 Dec 2008 | 31 Dec 2007 |
| \$          | \$          | \$          | \$          |
| 1.72        | 1.82        | 1.20        | 1.01        |

## 8. REVIEW OF PERFORMANCE

### Revenue and Profit

With the change of financial year from 31 March to 31 December, the financial year 2008 (“FY2008”) covered a 12-month period whereas the previous financial period covered a 9-month period. As the financial period is different, this accounted for the higher revenue and expenses for FY2008. Results for the 4<sup>th</sup> quarter ended 31 December 2008 are not presented as it is not meaningful.

Group revenue and profit after tax for the year ended 31 December 2008 was \$455 million and \$101 million respectively, an increase of 19% and a decrease of 63% respectively when compared to the 9-month ended 31 December 2007.

The increase in revenue was mainly due to the commencement of revenue recognition in respect of units sold in Scotts Square during FY2008. Revenue was also recognised from Ardmore II based on the progress of construction, The Sea View and The Cosmopolitan which were completed in the 2<sup>nd</sup> quarter and 3<sup>rd</sup> quarter of 2008 respectively. In addition, higher revenue was recognised from Wheelock Place due to higher rental rates achieved for renewals and new leases.

During the year, the Group achieved sales of \$54 million for 13 units sold in Scotts Square at an average price of \$4,028 psf. Total sales achieved for this project were \$903 million. This revenue will be recognised progressively in the accounts until Scotts Square is completed.

Gross profit margin for the year ended 31 December 2008 was 48% compared to 38% for the 9-month ended 31 December 2007. The increase was mainly due to the higher profit margin for Scotts Square, which commenced profit recognition in FY2008.

The Group’s investment property, Wheelock Place, was revalued from \$700 million to \$790 million by a firm of independent professional valuers. The revaluation surplus of \$90 million (2007: \$200 million) has been accounted for in the income statement under other income.

A copy of the revaluation report is available for inspection at the Company’s registered office, 501 Orchard Road, #11-01 Wheelock Place, Singapore 238880, during normal business hours for 3 months from 20 February 2009.

The increase in other operating expenses was mainly due to the impairment loss of \$120 million on the investment in SC Global Developments Ltd (“SC Global”) and \$80 million on the investment in Hotel Properties Limited (“HPL”) charged to the income statement.

The decrease in finance costs was due to reduction in loan principals and lower interest rates in FY2008.

The income tax credit was mainly due to write-back of prior year tax provided on gain on sale of Hamptons Group Limited as Inland Revenue Authority of Singapore (“IRAS”) has ruled the sale as capital in nature and utilisation of prior years’ tax losses which has been finalised by IRAS.

If the effects of the revaluation surplus (net of tax) of \$74 million (2007: \$164 million) on Wheelock Place and impairment loss of \$200 million on SC Global and HPL were excluded, the Group's profit after tax for the year ended 31 December 2008 would have been \$227 million, an increase of 108% when compared to the 9-month ended 31 December 2007.

### **Nature of business and profit recognition**

Profits on pre-sale of development properties are recognised using the percentage of completion method. The percentage of completion is measured by reference to the percentage of construction costs incurred at the balance sheet date to the estimated total construction costs. Revenue and profits are only recognised in respect of finalised sales agreements and to the extent that such revenue and profits relate to the progress of the construction work.

This basis of revenue and profit recognition together with the nature of our business leads to volatility of earnings between comparable periods.

### **Assets**

The Group's total assets as at 31 December 2008 were \$2.7 billion compared to \$2.9 billion as at 31 December 2007. The decrease in market value of the Group's investments in equity securities was partially offset by the increase in fair value of the Group's investment property. Return on assets for the year ended 31 December 2008 was 3.8% (9-month ended 31 December 2007: 9.3%).

### **Shareholders' Equity**

The Shareholders' equity as at 31 December 2008 was \$2.1 billion compared to \$2.2 billion as at 31 December 2007. The profits recognised in FY2008 were offset by the decrease in market value of the Group's investments in equity securities and payment of dividends. Return on shareholders' equity for the year ended 31 December 2008 was 4.9% (9-month ended 31 December 2007: 12.5%).

### **Borrowings**

The Group's borrowings as at 31 December 2008 were \$392 million compared to \$504 million as at 31 December 2007. The lower borrowings were mainly due to progressive repayment of loans throughout FY2008 from funds received from the sale of residential projects and leases of investment property. The debt-equity ratio as at 31 December 2008 was 19.1%, down from 23.1% as at 31 December 2007.

### **Net Cash Flow**

Net cash flow from operating activities for the year ended 31 December 2008 was \$320 million, mainly attributed to sales proceeds received from the development properties projects. For investing activities, the Group received \$20 million from the sale of 34 Grosvenor Square in the United Kingdom and invested an additional \$16 million in SC Global. For financing activities, net loan repayment was \$112 million.

## Commitments

The Group's outstanding commitments relating to the construction of the development properties and additions to investment property are as follows:

|   | <b>Group</b>       |                    |
|---|--------------------|--------------------|
|   | <b>31 Dec 2008</b> | <b>31 Dec 2007</b> |
|   | <b>\$'000</b>      | <b>\$'000</b>      |
| Commitments contracted but not provided for | 230,832            | 296,895            |

The Group leases out its investment property, Wheelock Place. Non-cancellable operating lease rentals are receivable as follows:

|                                  | <b>Group</b>       |                    |
|----------------------------------|--------------------|--------------------|
|                                  | <b>31 Dec 2008</b> | <b>31 Dec 2007</b> |
|                                  | <b>\$'000</b>      | <b>\$'000</b>      |
| Within 1 year                    | 37,740             | 27,103             |
| After 1 year, but within 5 years | 66,694             | 23,529             |
|                                  | 104,434            | 50,632             |

The lease typically runs for an initial period from 2 to 4 years. The non-cancellable operating lease receivables have not taken into account the potential new and renewal of leases and revision of rental rates after the expiry of these leases.

## Property Review

### **Development Properties**

The worsening crisis has further depressed the residential market in Singapore. Based on caveats lodged the number of transactions in 2008 is only 35% of last year's figure of 38,100 units. The fall in prices in freehold non-landed private prime homes gathered pace with a drop of 14% in 4<sup>th</sup> Quarter 2008. This follows the 4.5% decline in prices in 2<sup>nd</sup> and 3<sup>rd</sup> quarter 2008.

### ***Ardmore II***

Ardmore II is 100% sold and construction work is progressing well. The building reinforced concrete works have been completed up to the 30<sup>th</sup> storey and 24<sup>th</sup> storey for Tower 1 and Tower 2 respectively. The Temporary Occupation Permit is scheduled for 2010.

### ***Scotts Square***

As at the end of 4<sup>th</sup> quarter 2008, 70.4% of units in the project, representing 77.2% of the net saleable area, was sold at an average price of \$3,994 psf.

Foundation works for the project are expected to complete in early 2009 and the next staged progress payment of 10% has commenced in the 1<sup>st</sup> quarter of 2009.

The Group has commenced profit recognition on the units sold in accordance with the Group's accounting policy. The project is scheduled for completion in 2011.

### ***Orchard View***

Orchard View will be a luxury 36-storey development located in the serene enclave of Angullia Park, and within walking distance to Orchard MRT. It comprises 30 units of four-bedroom apartments with private lift lobbies. The project is targeted to be launched for sale in 2010. A showflat is planned in an actual unit in the development. Reinforced concrete framework of the building has been completed up to the 36<sup>th</sup> storey.

### ***Ardmore 3***

Ardmore 3 will be our next luxury project along Ardmore Park. The existing building has been demolished and we are currently reviewing the building plans in view of the current poor market.

## **Investment Property**

### ***Office and Retail Market***

Office rents have declined by 6.5% in 4<sup>th</sup> quarter 2008 and 5.8% for the whole of 2008. Prime office rents have dropped in 4<sup>th</sup> quarter 2008 by 5% to \$14.05 psf and is expected to slide further to about \$10 psf in 2009.

Retail rents have declined by 0.6% in 4<sup>th</sup> quarter 2008 and 5.1% for the whole of 2008. In 2009, three major malls (ION Orchard, Orchard Central and Somerset Central) along Orchard Road are scheduled for completion. This has made retailers more resistant to further rental increases.

### ***Wheelock Place***

Wheelock Place is 98.6% committed. The average rental for both office and retail space as at 31 December 2008 is \$10.81 psf per month. This was 5.8% higher than previous quarter figure due to higher committed renewal and new leases. Our main focus remains retaining and attracting good tenants. We achieved high retention renewals of 66.5% in 2008 and have replaced the out-going tenants with good covenants at higher rents.

## **9. FORECAST STATEMENT**

No forecast or prospect statement had been previously made to shareholders.



## 10. CURRENT YEAR'S PROSPECTS

In 2009, the Group will continue to recognise profits from Scotts Square and Ardmore II based on the progress of construction works.

Progress billings for Ardmore II range from 40% to 45% and we expect to achieve 60% by the end of 2009. Progress billings for Scotts Square have commenced in the 1<sup>st</sup> quarter of 2009.

For Wheelock Place, we achieved a high tenant renewal rate of 94% for retail and 85% for office based on leases negotiated so far in 2009. We expect the pedestrian tunnel connecting Basement 2 of Wheelock Place to Basement 2 of ION Orchard to open this year and this connection should bring in more foot traffic to the retail podium.

The Sea View and The Cosmopolitan, which are fully sold, have obtained Certificates of Statutory Completion in December 2008. 100% of profits on the projects have been recognised and 93% of the sales proceeds have been collected to-date. 5% of the sales proceeds held with the Singapore Academy of Law are expected to be released in 2009. Strata Subdivision Certificates are expected to be obtained in 2009 whereby the final 2% of the sales proceeds will be collected upon legal completion.

In January 2009, the Group collected 8% of the sales proceeds for The Sea View and The Cosmopolitan which further strengthened its cash in hand to more than \$800 million which includes about \$300 million in project accounts. Taken together with the on-going progressive billings of Scotts Square, Ardmore II and rental receipts from Wheelock Place, the Group remains in a strong financial position to take advantage of opportunities which may arise.

## 11. DIVIDEND

|                                       | Year ended                           | Period ended                |
|---------------------------------------|--------------------------------------|-----------------------------|
|                                       | 31 Dec 2008                          | 31 Dec 2007                 |
| Name of Dividend                      | Proposed First & Final<br>(One-tier) | First & Final<br>(One-tier) |
| Dividend Type                         | Cash                                 | Cash                        |
| Dividend Rate                         | 6 cents                              | 6 cents                     |
| Dividend (\$'000)                     | 71,794                               | 71,794                      |
| <b>Total Annual Dividend (\$'000)</b> | <b>71,794</b>                        | <b>71,794</b>               |

The proposed final dividend, if approved by the shareholders at the Annual General Meeting, to be held on 27 April 2009, will be paid on 22 May 2009 to those shareholders whose names are in the Company's Register of Members up to 5.00 p.m. on 6 May 2009.

## ADDITIONAL INFORMATION

### 12. REVENUE AND PROFIT ANALYSIS BY BUSINESS SEGMENTS

The Group comprises the following main business segments:

Property development: The development, construction and sale of development properties.

Property investment: The holding and management of investment properties.

|                      | <b>GROUP</b>             |                    |                               |                    |
|----------------------|--------------------------|--------------------|-------------------------------|--------------------|
|                      | <b>Revenue</b>           |                    | <b>Profit from Operations</b> |                    |
|                      | <b>Year/Period ended</b> |                    | <b>Year/Period ended</b>      |                    |
|                      | <b>31 Dec 2008</b>       | <b>31 Dec 2007</b> | <b>31 Dec 2008</b>            | <b>31 Dec 2007</b> |
|                      | <b>\$'000</b>            | <b>\$'000</b>      | <b>\$'000</b>                 | <b>\$'000</b>      |
| Property Development | 410,848                  | 325,623            | 181,357                       | 96,300             |
| Property Investment  | 37,655                   | 24,618             | 116,038                       | 218,069            |
| Other Operations     | 6,132                    | 30,646             | (197,178)                     | 21,803             |
| <b>Total</b>         | <b>454,635</b>           | <b>380,887</b>     | <b>100,217</b>                | <b>336,172</b>     |

### 13. COMMENTS ON SEGMENT RESULTS

The increase in revenue and profit for property development for the year ended 31 December 2008 was mainly due to the commencement of revenue and profit recognition in respect of units sold in Scotts Square in the current year. This was partially offset by lower revenue and profit recognition in respect of units sold in The Cosmopolitan and The Sea View.

The increase in revenue for property investment was mainly due to improved rental rates. The decrease in profit for property investment was mainly due to lower revaluation surplus of \$90 million (2007: \$200 million) on Wheelock Place in the current year.

The decrease in revenue for other operations was mainly due to lower dividend income from the investments in Hotel Properties Limited ("HPL") and SC Global Developments Ltd ("SC Global"). The loss incurred for other operations was mainly due to impairment loss on the investment in SC Global and HPL charged to the income statement.

**14. BREAKDOWN OF GROUP REVENUE AND PROFIT AFTER TAX FOR FIRST HALF AND SECOND HALF YEAR**

|                               | Year/Period ended |                |              |
|-------------------------------|-------------------|----------------|--------------|
|                               | 31 Dec 2008       | 31 Dec 2007    | Change       |
|                               | \$'000            | \$'000         | %            |
| Revenue                       |                   |                |              |
| - first half                  | 152,659           | 191,555        | -20.3        |
| - second half                 | 301,976           | 189,332        | 59.5         |
| <b>Total Revenue</b>          | <b>454,635</b>    | <b>380,887</b> | <b>19.4</b>  |
| Profit After Tax              |                   |                |              |
| - first half                  | 32,121            | 55,950         | -42.6        |
| - second half                 | 68,828            | 217,542        | -68.4        |
| <b>Total Profit After Tax</b> | <b>100,949</b>    | <b>273,492</b> | <b>-63.1</b> |

Due to the change in financial year end, the second half for period ended 31 Dec 2007 consisted of 3 - month results (October – December 2007).

By Order Of the Board

Tan Ling Ling  
Company Secretary  
20 February 2009