

MCLLAND

17 February 2006

MCL LAND LIMITED

2005 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

Highlights

- Good progress achieved in sales of development properties
- Profit only recognised upon completion of The Yardley
- Provision write-backs of US\$22.2 million reflect improved market conditions
- Company now 77.4% owned by Hongkong Land

"The residential property market in Singapore is expected to continue to improve in 2006 as the current high-end demand filters down to the mass-market segment. While the Group's overall performance in 2006 is expected to reflect the completion of MeraPrime and Desa Villas, there will not be the benefit of the significant write-back of provisions that enhanced the 2005 result."

Anthony Nightingale, Chairman

17 February 2006

Group Results

| Financial year ended 31 December | | | | | |
|--|-------|-------|--------|-------|--------|
| | 2005 | 2004 | Change | 2005 | Change |
| | US\$m | US\$m | % | S\$m | % |
| Revenue | 29.5 | 351.4 | -92 | 49.2 | -92 |
| Profit after tax | 29.5 | 52.0 | -43 | 49.2 | -44 |
| Underlying profit attributable to shareholders | 27.7 | 72.5 | -62 | 46.2 | -62 |
| Profit attributable to shareholders | 29.1 | 51.8 | -44 | 48.5 | -45 |
| | US¢ | US¢ | | S¢ | |
| Underlying earnings* per share | 7.49 | 19.63 | -62 | 12.48 | -62 |
| Earnings per share | 7.86 | 14.02 | -44 | 13.10 | -45 |
| As at 31 December | | | | | |
| | 2005 | 2004 | Change | 2005 | Change |
| | US\$m | US\$m | % | S\$m | % |
| Shareholders' funds | 396.3 | 498.6 | -21 | 659.9 | -19 |
| | US\$ | US\$ | | S\$ | |
| Net asset value per share | 1.07 | 1.35 | -21 | 1.78 | -19 |

The exchange rate of US\$1=S\$1.665 (31.12.2004: US\$1=S\$1.6339) was used for translating assets and liabilities at the balance sheet date and US\$1=S\$1.6664 (31.12.2004: US\$1=S\$1.6895) was used for translating the results for the financial year.

The financial results for the financial year ended 31 December 2005 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). These results have not been audited or reviewed by the Auditors.

The financial results for the financial year ended 31 December 2004 were audited in accordance with the Singapore Standards on Auditing.

* The basis for calculating underlying earnings is set out in Note 6 of this report.

- more -

MCL Land Limited

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CHAIRMAN'S STATEMENT

Overview

The residential property market in Singapore performed well in 2005 due to the economic growth and improved market sentiment led by strong demand from foreign buyers in the high-end residential sector. Demand for new residential property increased by 55% to 8,955 units in 2005. Overall, home prices registered an increase of 3.9% during the year, compared to an increase of 0.9% in 2004 and a decrease of 2.0% in 2003.

Performance

MCL Land recorded an underlying profit of US\$27.7 million in 2005, significantly below the profit of US\$72.5 million in the previous year. Profit was only recognised on one project in 2005, The Yardley, as compared to the completion of The Warren and Rio Vista in 2004. The 2005 result was also enhanced by the write-back of US\$22.2 million of provisions for foreseeable losses, which had been made in respect of earlier projects, due to improved market conditions.

The net profit attributable to shareholders was US\$29.1 million, down from US\$51.8 million in 2004, and included a gain of US\$1.2 million from the sale of the remaining units of Juniper at Ardmore.

Shareholders' funds at 31 December 2005 were US\$396.3 million, a 20.5% reduction from the end of 2004 due to the payment of a special dividend of US\$110.1 million in May 2005. At the end of 2005, the Group had net debt of US\$43.7 million, representing a net gearing of 11%, compared with the net cash of US\$100.1 million at the end of 2004, following the payment of the special dividend and purchase of development sites.

The Board is recommending a first and final dividend of S\$6 per share less 20% income tax, payable on 22 May 2006 (2004: final dividend of S\$6 per share and special dividend of S\$62 per share less 20% income tax).

Review of operations

The Group continues to make good progress in both the sale and construction of its development properties. All 213 units at MeraPrime and 169 units at The Metz were sold by the end of 2005, and these projects will complete in 2006 and 2007, respectively. More than 87% of The Calrose, a 421-unit condominium at Yio Chu Kang Road, has so far been sold and completion is expected in 2007. Mera Springs, a 129-unit condominium at Norfolk Road, and The Grange, a 53.5% joint-venture project with Wingtai, achieved good sales of more than 28% and 85%, respectively. The Esta, a 400-unit condominium at Amber Gardens was well received upon its launch in January 2006 with more than 70% sold.

In Malaysia, the Group's joint-venture development with Landmarks Group also performed well. All the 94 units in Desa Villas, which is scheduled to complete in 2006, and 82% of the 436 units in Desa Putra have been sold to-date.

Construction is in progress for the first two phases of the Group's other Malaysian joint-venture development with Sunrise Berhad in Seremban. So far 41 of the 110 units of terrace houses and 2 of the 41 bungalow units have been sold.

Following the disposal of 78 Shenton Way in October 2004, operating profit for investment properties amounted to US\$2.2 million in 2005, as compared to US\$4.6 million in 2004 before the revaluation deficit of US\$19.5 million.

Acquisitions

The Group continues to acquire properties in Singapore for re-development. The freehold Marine Parade Garden at St. Patrick's Road was purchased for US\$24.3 million in March 2005, with completion in January 2006. Following the acceptance of the Group's offer of US\$11.2 million for the freehold Fernhill Place at Fernhill Road in November 2005, the purchase is due to complete in February 2006. In December 2005, the freehold property, Balmege Court off Pasir Panjang Road, was acquired for US\$47.6 million and, subject to the approval of Strata Title Board, is scheduled for completion in the second half of 2006.

In February 2006, the Group's offer to purchase all units of Waterfall Gardens at Farrer Road was accepted, and is due for completion in the second quarter of 2006. The consideration for the 14,951 square metres freehold site and the adjoining state land plot of 1,914 square metres is US\$79.1 million.

To facilitate the Group's expansion in the Malaysian property market, a 50% interest in Landmarks Land & Properties Sdn Bhd was acquired for US\$20.4 million in September 2005, while the remaining 30% shareholding in Century Gardens Sdn Bhd was purchased for US\$8.0 million in December 2005.

In line with the Group's strategy to dispose of low-yielding assets, the sale of a 48-acre plot of land in Senai-Kulai in Malaysia for US\$3.3 million was agreed in August 2005 and completed in January 2006. The Group also disposed of two plots of land in Johor Bahru, for US\$2.1 million in December 2005.

Corporate development

On 25 January 2006, Jardine Cycle & Carriage Limited distributed its 65.6% interest in the Company to its shareholders by way of dividend in specie. At the same time, a voluntary conditional cash offer for all the stock units of the Company was made at S\$1.75 for each stock unit by HKL (Morpheus) Pte. Ltd., a subsidiary of Hongkong Land Holdings Limited. Following the close of the offer on 17 February 2006, the Company has become a 77.4%-owned subsidiary within the Hongkong Land Group. MCL Land remains listed on the Singapore Exchange.

Board changes

Following Hongkong Land's acquisition of a majority interest in the Company, Anthony Nightingale and Neville Venter are stepping down from the Board. Joining the Board are Nicholas Sallnow-Smith, who will succeed Anthony Nightingale as Chairman, Geoffrey Brown and Robert Wong.

The Board was saddened by the untimely death of Brian Keelan in August 2005. His wise presence on the Board is missed.

Prospects

The residential property market in Singapore is expected to continue to improve in 2006 as the current high-end demand filters down to the mass-market segment. While the Group's overall performance in 2006 is expected to reflect the completion of MeraPrime and Desa Villas, there will not be the benefit of the significant write-back of provisions that enhanced the 2005 result.

Anthony Nightingale
Chairman
17 February 2006

MCL Land Limited
Consolidated Profit and Loss Account for the financial year ended 31 December

| | Note | 2005 US\$'000 | 2004 US\$'000 | Change % |
|--|------|------------------|------------------|-------------|
| Continuing operations | | | | |
| Revenue | 3 | 29,533 | 345,671 | - 91 |
| Cost of sales | | (20,052) | (280,524) | - 93 |
| Gross profit | | <u>9,481</u> | <u>65,147</u> | - 85 |
| Other operating income | | 28,455 | 5,367 | 430 |
| Property related expenses | | (880) | (765) | 15 |
| Administrative expenses | | (4,979) | (4,228) | 18 |
| Operating profit | | <u>32,077</u> | <u>65,521</u> | - 51 |
| Financing charges | | (186) | (1) | n/m |
| Share of joint ventures' results | | (314) | 7,493 | n/m |
| Profit before tax | 3 | <u>31,577</u> | <u>73,013</u> | - 57 |
| Tax | 4 | (2,066) | (5,966) | - 65 |
| Profit after tax from continuing operations | | <u>29,511</u> | <u>67,047</u> | - 56 |
| Discontinued operations | | | | |
| Loss before tax | 9 | - | (14,983) | -100 |
| Tax | | - | (25) | -100 |
| Loss after tax from discontinued operations | | <u>-</u> | <u>(15,008)</u> | -100 |
| Profit after tax | | <u>29,511</u> | <u>52,039</u> | - 43 |
| Profit attributable to: | | | | |
| Shareholders | | 29,093 | 51,831 | - 44 |
| Minority interests | | 418 | 208 | 101 |
| | | <u>29,511</u> | <u>52,039</u> | - 43 |
| | | US¢ | US¢ | % |
| Earnings per share | | | | |
| - basic and diluted | 6 | 7.86 | 14.02 | - 44 |
| Earnings per share from continuing operations | | | | |
| - basic and diluted | 6 | 7.86 | 18.08 | - 57 |
| Loss per share from discontinued operations | | | | |
| - basic and diluted | 6 | - | (4.06) | -100 |

n/m = not meaningful

MCL Land Limited
Consolidated Balance Sheet at 31 December

| | Note | At 2005 US\$'000 | At 2004 US\$'000 |
|--------------------------------------|------|------------------------|------------------------|
| Non-current assets | | | |
| Plant and equipment | | 1,602 | 501 |
| Investment properties | | 24,099 | 27,313 |
| Investments in joint ventures | | 34,023 | 20,620 |
| | | <u>59,724</u> | <u>48,434</u> |
| Current assets | | | |
| Development properties for sale | | 415,927 | 286,205 |
| Amounts owing by joint ventures | | 60,392 | 45,681 |
| Debtors | | 15,755 | 102,636 |
| Bank balances and other liquid funds | | 26,098 | 139,887 |
| | | <u>518,172</u> | <u>574,409</u> |
| Total assets | | <u>577,896</u> | <u>622,843</u> |
| Non-current liabilities | | | |
| Borrowings due after one year | 8 | 69,782 | 39,782 |
| Deferred tax liabilities | | 911 | 798 |
| Retention money payable | | 1,865 | 745 |
| | | <u>72,558</u> | <u>41,325</u> |
| Current liabilities | | | |
| Amounts owing to joint ventures | | 9,783 | 9,901 |
| Creditors | | 94,861 | 57,179 |
| Current tax liabilities | | 4,382 | 9,837 |
| | | <u>109,026</u> | <u>76,917</u> |
| Total liabilities | | <u>181,584</u> | <u>118,242</u> |
| Net assets | | <u>396,312</u> | <u>504,601</u> |
| Financed by: | | | |
| Share capital and reserves | | | |
| Share capital | | 200,034 | 200,006 |
| Share premium | | 76,623 | 76,622 |
| Translation reserve | | 43,802 | 52,858 |
| Retained earnings | | 75,853 | 169,157 |
| Shareholders' funds | | <u>396,312</u> | <u>498,643</u> |
| Minority interests | | - | 5,958 |
| | | <u>396,312</u> | <u>504,601</u> |
| Net asset value per share | | US\$1.07 | US\$1.35 |

MCL Land Limited
Consolidated Statement of Changes in Equity for the financial year ended 31 December

| | Attributable to shareholders | | | | Total US\$'000 | Minority interests US\$'000 | Total equity US\$'000 |
|--|------------------------------|------------------------------|------------------------------------|----------------------------------|-------------------|-----------------------------------|-----------------------------|
| | Share capital US\$'000 | Share premium US\$'000 | Translation reserve US\$'000 | Retained earnings US\$'000 | | | |
| 2005 | | | | | | | |
| Balance at 1 January | 200,006 | 76,622 | 52,858 | 169,157 | 498,643 | 5,958 | 504,601 |
| Translation difference | - | - | (9,056) | - | (9,056) | 33 | (9,023) |
| Net gain/(loss) recognised directly in equity | - | - | (9,056) | - | (9,056) | 33 | (9,023) |
| Profit for the financial year | - | - | - | 29,093 | 29,093 | 418 | 29,511 |
| Total recognised gain/(loss) for the financial year | - | - | (9,056) | 29,093 | 20,037 | 451 | 20,488 |
| Dividend (net) (Note 5) | - | - | - | (120,783) | (120,783) | - | (120,783) |
| Issue of shares | 28 | 1 | - | - | 29 | - | 29 |
| Increase in interest in a subsidiary | - | - | - | (1,614) | (1,614) | (6,409) | (8,023) |
| Balance at 31 December | 200,034 | 76,623 | 43,802 | 75,853 | 396,312 | - | 396,312 |
| 2004 | | | | | | | |
| Balance at 1 January | | | | | | | |
| - as previously reported | 199,654 | 76,617 | 35,500 | 165,684 | 477,455 | 5,750 | 483,205 |
| - effect of change in accounting policy | - | - | (1,486) | (37,861) | (39,347) | - | (39,347) |
| - as restated | 199,654 | 76,617 | 34,014 | 127,823 | 438,108 | 5,750 | 443,858 |
| Translation difference | - | - | 18,844 | - | 18,844 | - | 18,844 |
| Net gain recognised directly in equity | - | - | 18,844 | - | 18,844 | - | 18,844 |
| Profit for the financial year | - | - | - | 51,831 | 51,831 | 208 | 52,039 |
| Total recognised gain for the financial year | - | - | 18,844 | 51,831 | 70,675 | 208 | 70,883 |
| Dividend (net) (Note 5) | - | - | - | (10,497) | (10,497) | - | (10,497) |
| Issue of shares | 352 | 5 | - | - | 357 | - | 357 |
| Balance at 31 December | 200,006 | 76,622 | 52,858 | 169,157 | 498,643 | 5,958 | 504,601 |

MCL Land Limited
Company Balance Sheet at 31 December

| | At 2005 US\$'000 | At 2004 US\$'000 |
|--------------------------------------|------------------------|------------------------|
| Non-current assets | | |
| Plant and equipment | 315 | 431 |
| Interests in subsidiaries | 86,362 | 115,634 |
| Investments in joint ventures | 34,228 | 13,848 |
| | <u>120,905</u> | <u>129,913</u> |
| Current assets | | |
| Amounts owing by subsidiaries | 303,987 | 248,574 |
| Amounts owing by joint ventures | 59,669 | 44,945 |
| Debtors | 666 | 49,311 |
| Bank balances and other liquid funds | 961 | 117,701 |
| | <u>365,283</u> | <u>460,531</u> |
| Total assets | <u>486,188</u> | <u>590,444</u> |
| Non-current liability | | |
| Deferred tax liabilities | 46 | 47 |
| | <u>46</u> | <u>47</u> |
| Current liabilities | | |
| Amounts owing to subsidiaries | 107,048 | 108,032 |
| Amounts owing to joint ventures | 9,783 | 9,901 |
| Creditors | 1,940 | 1,082 |
| Current tax liabilities | 118 | 121 |
| | <u>118,889</u> | <u>119,136</u> |
| Total liabilities | <u>118,935</u> | <u>119,183</u> |
| Net assets | <u>367,253</u> | <u>471,261</u> |
| Financed by: | | |
| Share capital and reserves | | |
| Share capital | 200,034 | 200,006 |
| Share premium | 76,623 | 76,622 |
| Translation reserve | 36,247 | 45,131 |
| Retained earnings | 54,349 | 149,502 |
| Shareholders' funds | <u>367,253</u> | <u>471,261</u> |
| Net asset value per share | US\$0.99 | US\$1.28 |

MCL Land Limited
Company Statement of Changes in Equity for the financial year ended 31 December

| | Share capital US\$'000 | Share premium US\$'000 | Translation reserve US\$'000 | Retained earnings US\$'000 | Total US\$'000 |
|---|------------------------------|------------------------------|------------------------------------|----------------------------------|-------------------|
| 2005 | | | | | |
| Balance at 1 January | 200,006 | 76,622 | 45,131 | 149,502 | 471,261 |
| Translation difference | - | - | (8,884) | - | (8,884) |
| Net loss recognised directly in equity | - | - | (8,884) | - | (8,884) |
| Profit for the financial year | - | - | - | 25,630 | 25,630 |
| Total recognised gain/(loss) for the financial year | - | - | (8,884) | 25,630 | 16,746 |
| Issue of shares | 28 | 1 | - | - | 29 |
| Dividend (net) (Note 5) | - | - | - | (120,783) | (120,783) |
| Balance at 31 December | <u>200,034</u> | <u>76,623</u> | <u>36,247</u> | <u>54,349</u> | <u>367,253</u> |
| 2004 | | | | | |
| Balance at 1 January | 199,654 | 76,617 | 26,851 | 104,119 | 407,241 |
| Translation difference | - | - | 18,280 | - | 18,280 |
| Net gain recognised directly in equity | - | - | 18,280 | - | 18,280 |
| Profit for the financial year | - | - | - | 55,880 | 55,880 |
| Total recognised gain for the financial year | - | - | 18,280 | 55,880 | 74,160 |
| Issue of shares | 352 | 5 | - | - | 357 |
| Dividend (net) (Note 5) | - | - | - | (10,497) | (10,497) |
| Balance at 31 December | <u>200,006</u> | <u>76,622</u> | <u>45,131</u> | <u>149,502</u> | <u>471,261</u> |

MCL Land Limited
Consolidated Statement of Cash Flows for the financial year ended 31 December

| | 2005 US\$'000 | 2004 US\$'000 |
|---|------------------|------------------|
| Profit before tax | 31,577 | 58,030 |
| Non-cash items | | |
| Interest income | (1,776) | (1,286) |
| Financing charges | 186 | 1 |
| Share of joint ventures' results | 314 | (7,493) |
| Depreciation | 347 | 160 |
| Write-back in provisions for foreseeable losses | (22,249) | (4,375) |
| Fair value changes of investment properties | (169) | 19,519 |
| Foreign currency translation difference | (252) | 2,210 |
| Loss on disposal/write-off of plant and equipment | 27 | 35 |
| | (23,572) | 8,771 |
| Operating profit before working capital changes | 8,005 | 66,801 |
| Changes in working capital | | |
| Development properties for sale | (128,606) | 158,352 |
| Debtors | 85,407 | (82,437) |
| Creditors | 45,557 | (84,917) |
| | 2,358 | (9,002) |
| Cash flows from operating activities | 10,363 | 57,799 |
| Interest paid | (1,929) | (2,173) |
| Interest received | 1,359 | 1,543 |
| Income tax paid | (7,231) | (1,237) |
| | (7,801) | (1,867) |
| Cash flows from investing activities | | |
| Purchase of plant and equipment | (1,557) | (690) |
| Net proceeds from sale of plant and equipment | 73 | 1,182 |
| Purchase of shares in joint ventures | (20,431) | (1,409) |
| Purchase of shares in subsidiary | (8,023) | - |
| Purchase of investment properties | (8,128) | - |
| Net proceeds from sale of investment properties | 11,469 | 102,790 |
| Net cash flows (used in)/generated from investing activities | (26,597) | 101,873 |
| Cash flows from financing activities | | |
| Repayment from joint ventures | 2,732 | 15,056 |
| Redemption of preference shares in joint ventures | - | 3,917 |
| Proceeds from issue of shares | 29 | 357 |
| Net repayment of loans | 30,743 | (74,943) |
| Dividend paid | (120,783) | (10,497) |
| Net cash flows used in financing activities | (87,279) | (66,110) |
| Net change in cash and cash equivalents | (111,314) | 91,695 |
| Cash and cash equivalents at the beginning of the financial year | 139,887 | 44,438 |
| Effect of exchange rate changes | (2,475) | 3,754 |
| Cash and cash equivalents at the end of the financial year | 26,098 | 139,887 |

MCL Land Limited
Notes

1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies in the annual report.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Early adoption of standards

In 2005, the Group and the Company early adopted the following IFRSes and revised IASes:

| | |
|-------------------|--|
| IAS 39 | (amended 2005) : Cash Flow Hedge Accounting of Forecast Intragroup Transactions |
| IAS 39 | (amended 2005) : The Fair Value Option |
| IAS 1 | (amended 2005) : Capital Disclosures |
| IAS 39 and IFRS 4 | (amended 2005) : Financial Guarantee Contracts |
| IFRS 7 | : Financial Instruments: Disclosures |

The adoption of the above IFRSes and amended IASes have no impact on the financial statements.

2 Reconciliation between IAS 17 and IAS 40 and FRS 25

The following reconciliation on the differences between IAS 17 Leases ("IAS 17") and IAS 40 Investment Properties ("IAS 40") and Singapore's FRS 25: Accounting for Investments is disclosed as required by the Accounting and Corporate Regulatory Authority in approving the Company's application for the adoption of International Financial Reporting Standards.

The difference between IAS 17 and IAS 40 and FRS 25 arises from the accounting treatment of valuation changes in investment properties. Under IAS 40, investment properties are carried at fair value and changes in fair values are recognised directly in the profit and loss account. This contrasts with FRS 25 where the investment properties are carried at revalued amounts. The net surplus or deficit on revaluation is first taken to a revaluation reserve account unless the revaluation surplus is insufficient to cover the deficit, in which case, the amount by which the deficit exceeds the available surplus is charged to the profit and loss account. The surplus on revaluation not utilised at the date of the sale of investment properties is taken to the profit and loss account.

2 Reconciliation between IAS 17 and IAS 40 and FRS 25 (cont'd)

The financial effects on key financial information are disclosed as follows:

| | Investment properties US\$'000 | Net assets US\$'000 | Profit before tax US\$'000 | Profit attributable to shareholders US\$'000 | Earnings per share US¢ |
|--|--------------------------------------|---------------------------|----------------------------------|---|------------------------------|
| IFRS Group balances as at 31 December 2005 | 24,099 | 396,312 | 31,577 | 29,093 | <u>7.86</u> |
| Effect of transfer of fair value changes to asset revaluation reserve on: | | | | | |
| Profit before tax | - | - | 2,658 | 2,658 | |
| Tax effects | - | - | - | 86 | |
| FRS 25 Group adjusted balances at 31 December 2005 | <u>24,099</u> | <u>396,312</u> | <u>34,235</u> | <u>31,837</u> | <u>8.61</u> |
| IFRS Group balances as at 31 December 2004 | 27,313 | 504,601 | 58,030 | 51,831 | <u>14.02</u> |
| Effect of transfer of fair value changes to asset revaluation reserve on: | | | | | |
| Profit before tax | - | - | 3,765 | 3,765 | |
| Tax effects | - | - | - | 16 | |
| FRS 25 Group adjusted balances at 31 December 2004 | <u>27,313</u> | <u>504,601</u> | <u>61,795</u> | <u>55,612</u> | <u>15.05</u> |

3 Revenue and Profit

| For the financial year ended 31 December | Group | | Change % |
|---|------------------|------------------|-------------|
| | 2005 US\$'000 | 2004 US\$'000 | |
| Revenue: | | | |
| 1 st half | 1,081 | 101,017 | -99 |
| 2 nd half | 28,452 | 250,400 | -89 |
| | <u>29,533</u> | <u>351,417</u> | -92 |
| Profit/(Loss) after tax: | | | |
| 1 st half | 1,076 | (8,814) | n/m |
| 2 nd half | 28,435 | 60,853 | -53 |
| | <u>29,511</u> | <u>52,039</u> | -43 |
| Profit before tax is determined after including: | | | |
| Write-back in provisions for foreseeable losses | 22,249 | 4,375 | 409 |
| Fair value changes of investment properties | 169 | (19,519) | n/m |
| Profit on sale of land | 2,146 | - | n/m |
| Profit/(Loss) on sale of an investment property | 1,223 | (1,190) | n/m |
| Net exchange gain/(loss) | 84 | (22) | n/m |
| Interest income | 1,776 | 1,286 | 38 |
| Interest expense | (186) | (1) | n/m |
| Depreciation | (347) | (160) | 117 |
| Loss on disposal/write-off of plant and equipment | (27) | (35) | -23 |

n/m = not meaningful

4 Tax

The Group's provision for income tax is based on the statutory tax rates of the respective countries in which the companies operate after taking into account expenses not deductible and Group tax relief.

The tax credit for the financial year ended 31 December 2004 was lower than the effective tax rate of the Group when applied to the losses mainly due to the fair value changes of investment property which is not deductible for tax purposes; offset by write-back in provisions for foreseeable losses which is not taxable.

The effective tax rate of the Group was lower than the statutory income tax rate for the financial year ended 31 December 2005 due mainly to write-back in provisions for foreseeable losses, utilisation of prior years' tax losses and profit on sale of some of the units of the Group's investment property which are not taxable.

5 Dividend

At the forthcoming Annual General Meeting to be held on 28 April 2006, a final dividend of S¢6 (6%) amounting to US\$10.7 million, less income tax of 20%, in respect of 2005 will be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2006.

The dividends paid in 2005 and 2004 were as follows:

| | Group and Company | |
|---|--------------------------|-----------------|
| | 2005 | 2004 |
| | US\$'000 | US\$'000 |
| Final dividend of 6% paid in 2005 (2004: 6%) less income tax of 20% (2004: 20%) | 10,657 | 10,497 |
| Special dividend of 62% paid in 2005 (2004: Nil) less income tax of 20% (2004: 20%) | 110,126 | - |
| | <u>120,783</u> | <u>10,497</u> |

6 Earnings per share

| | Group | |
|---|-----------------------|------------------|
| For the financial year ended 31 December | 2005 | 2004 |
| Basic earnings per share | | |
| Profit attributable to shareholders (US\$'000) | 29,093 | 51,831 |
| Weighted average number of ordinary shares in issue ('000) | 369,982 | 369,603 |
| Basic earnings per share | <u>US¢7.86</u> | <u>US¢14.02</u> |
| Profit attributable to shareholders from continuing operations (US\$'000) | 29,093 | 66,839 |
| Basic earnings per share from continuing operations | <u>US¢7.86</u> | <u>US¢18.08</u> |
| Loss attributable to shareholders from discontinued operations (US\$'000) | - | (15,008) |
| Basic loss per share from discontinued operations | <u>-</u> | <u>(US¢4.06)</u> |

6 Earnings per share (cont'd)

| For the financial year ended 31 December | Group | |
|--|-----------------------|------------------|
| | 2005 | 2004 |
| Diluted earnings per share | | |
| Weighted average number of ordinary shares in issue ('000) | 369,982 | 369,603 |
| Adjustments for assumed conversion of share options ('000) | - | 14 |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | <u>369,982</u> | <u>369,617</u> |
| Diluted earnings per share | <u>US¢7.86</u> | <u>US¢14.02</u> |
| Diluted earnings per share from continuing operations | <u>US¢7.86</u> | <u>US¢18.08</u> |
| Diluted loss per share from discontinued operations | - | <u>(US¢4.06)</u> |
| Underlying earnings per share | | |
| Underlying profit attributable to shareholders (US\$'000) | 27,701 | 72,540 |
| Basic underlying earnings per share | <u>US¢7.49</u> | <u>US¢19.63</u> |
| Diluted underlying earnings per share | <u>US¢7.49</u> | <u>US¢19.63</u> |

A reconciliation of the underlying profit and profit attributable to shareholders is as follows:

| For the financial year ended 31 December | Group | |
|---|----------------------|-----------------|
| | 2005 | 2004 |
| | US\$'000 | US\$'000 |
| Profit attributable to shareholders | 29,093 | 51,831 |
| Exceptional items | | |
| Fair value changes of investment properties | (169) | 19,519 |
| (Profit)/Loss on sale of an investment property | (1,223) | 1,190 |
| | (1,392) | 20,709 |
| Underlying profit attributable to shareholders | <u>27,701</u> | <u>72,540</u> |

7 Segment information

Primary reporting format – business segments

| For the financial year ended 31 December 2005 | Investment properties US\$'000 | Development properties US\$'000 | Others US\$'000 | Group US\$'000 |
|--|---|--|----------------------------|---------------------------|
| Revenue | <u>1,732</u> | <u>27,674</u> | <u>127</u> | <u>29,533</u> |
| Segment results | 2,203 | 30,942 | (1,068) | 32,077 |
| Financing charges | - | - | (186) | (186) |
| Share of joint ventures' results | - | (314) | - | (314) |
| Profit/(Loss) before tax | <u>2,203</u> | <u>30,628</u> | <u>(1,254)</u> | <u>31,577</u> |
| Tax | | | | (2,066) |
| Profit after tax | | | | <u>29,511</u> |
| Segment assets | 27,962 | 453,576 | 1,943 | 483,481 |
| Investment in joint ventures | - | 34,023 | - | 34,023 |
| Amounts owing by joint ventures | - | 60,392 | - | 60,392 |
| | <u>27,962</u> | <u>547,991</u> | <u>1,943</u> | <u>577,896</u> |
| Unallocated assets | | | | - |
| Total assets | | | | <u>577,896</u> |
| Segment liabilities | 4,221 | 160,347 | 1,940 | 166,508 |
| Amounts owing to joint ventures | - | 9,783 | - | 9,783 |
| | <u>4,221</u> | <u>170,130</u> | <u>1,940</u> | <u>176,291</u> |
| Unallocated liabilities | | | | 5,293 |
| Total liabilities | | | | <u>181,584</u> |
| Capital expenditure | 1,386 | - | 171 | 1,557 |
| Depreciation of plant and equipment | <u>159</u> | <u>-</u> | <u>188</u> | <u>347</u> |

7 Segment information (cont'd)

Primary reporting format – business segments

| For the financial year ended 31 December 2004 | Investment properties US\$'000 | Development properties US\$'000 | Others US\$'000 | Group US\$'000 |
|--|--------------------------------------|---------------------------------------|--------------------|-------------------|
| Revenue | 7,601 | 343,814 | 2 | 351,417 |
| Segment results | (14,906) | 68,023 | (2,579) | 50,538 |
| Financing charges | - | - | (1) | (1) |
| Share of joint ventures' results | - | 7,493 | - | 7,493 |
| Profit/(Loss) before tax | (14,906) | 75,516 | (2,580) | 58,030 |
| Tax | | | | (5,991) |
| Profit after tax | | | | 52,039 |
| Segment assets | 30,081 | 348,045 | 178,416 | 556,542 |
| Investment in joint ventures | - | 20,620 | - | 20,620 |
| Amounts owing by joint ventures | - | 45,681 | - | 45,681 |
| | 30,081 | 414,346 | 178,416 | 622,843 |
| Unallocated assets | | | | - |
| Total assets | | | | 622,843 |
| Segment liabilities | 5,261 | 91,352 | 1,093 | 97,706 |
| Amounts owing to joint ventures | - | 9,901 | - | 9,901 |
| | 5,261 | 101,253 | 1,093 | 107,607 |
| Unallocated liabilities | | | | 10,635 |
| Total liabilities | | | | 118,242 |
| Capital expenditure | 398 | - | 292 | 690 |
| Depreciation of plant and equipment | 87 | - | 73 | 160 |

Secondary reporting format - geographical segments

| For the financial year ended 31 December | Revenue | | Total assets | | Capital expenditure | |
|---|------------------|------------------|------------------|------------------|---------------------|------------------|
| | 2005 US\$'000 | 2004 US\$'000 | 2005 US\$'000 | 2004 US\$'000 | 2005 US\$'000 | 2004 US\$'000 |
| Singapore | 26,137 | 350,069 | 502,335 | 562,338 | 176 | 663 |
| Malaysia | 3,396 | 1,348 | 75,561 | 60,505 | 1,381 | 27 |
| | 29,533 | 351,417 | 577,896 | 622,843 | 1,557 | 690 |

7 Segment information (cont'd)

The Group is organised into two main business segments:

Investment properties – rental of commercial and residential properties.

Development properties – residential and commercial property development.

There are no sales or other transactions between the business segments. Others represent corporate revenue and expenses and assets and liabilities. Segment assets consist primarily of office furniture, fixtures, equipment, motor vehicles, investment properties, development properties, interests in joint ventures, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude dividends. Capital expenditure comprises additions to office furniture, fixtures, equipment and motor vehicles.

8 Group borrowings

| | Group | |
|-------------------------------|----------------------|-----------------|
| | At | At |
| | 31.12.05 | 31.12.04 |
| | US\$'000 | US\$'000 |
| Borrowings due after one year | | |
| - secured | 69,782 | 39,782 |
| Total borrowings | <u>69,782</u> | <u>39,782</u> |

Certain subsidiaries of the Company mortgaged their development properties and an investment property in order to obtain bank loans. The net book value of the properties mortgaged amounted to US\$301.8 million (31 December 2004: US\$246.5 million).

9 Discontinued operations

The Group's 100% owned subsidiary, MCL Land (78 SW) Pte Ltd completed the sale of its investment property at 78 Shenton Way for US\$88 million in October 2004. The sale of this property forms part of the Group's strategy of selling investment properties and focusing on development properties. The impact of the disposal for 2004 is as follows:

| For the financial year ended 31 December | Group |
|--|-----------------|
| | 2004 |
| | US\$'000 |
| Profit of discontinued operations: | |
| Revenue | 5,746 |
| Other operating income | 251 |
| Property related expenses | (1,591) |
| Administrative expenses | (119) |
| Profit before tax | <u>4,287</u> |
| Tax | (25) |
| Underlying profit after tax | <u>4,262</u> |
| Fair value changes of investment properties | (19,270) |
| Loss after tax from discontinued operations | <u>(15,008)</u> |
| Cashflow of discontinued operations: | |
| Operating cash flows | 1,340 |
| Investing cash flows | 91,862 |
| Financing cash flows | - |
| Total cash inflows | <u>93,202</u> |

