

FINANCE

Overall Financial Performance

For 1998, Group attributable loss amounted to \$350.6 million. This loss was arrived at after accounting for provisions of \$438.2 million made for two leasehold residential developments and the Group's freehold landbank.

Proposed dividend per share was 3 cents, compared with 4 cents in the previous year.

Loss per share was 53.5 cents, compared with earnings per share of 16.7 cents in 1997.

At end-1998, shareholders' funds decreased by 35.2% to \$1,834 million.

Loss on shareholders' funds was 15% compared with a return of 3.7% for 1997.

Sales

Total sales (including associates) were \$1,163.2 million compared with \$1,501.5 million for 1997. Consolidated sales (i.e. sales excluding associates) decreased from \$621.2 million last year to \$317.9 million.

Revenue from Property Investment and Property Trading declined by 4.1% and 62.1% respectively while Property Services rose by 38.8%.

Earnings

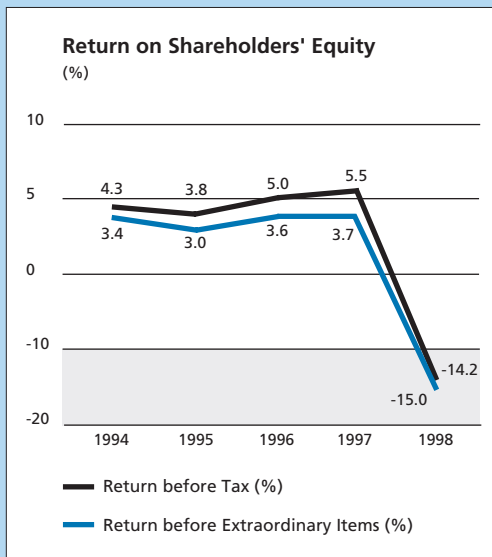
After the provisions of \$438.2 million, operating loss for 1998 was \$349.7 million. The loss was reduced by \$31.7 million from the sale of an office building.

The Group's share of associated companies' results was a loss of \$5.8 million compared with a profit of \$11.4 million in 1997.

Group loss before tax was \$354.1 million, compared with a profit of \$209.7 million in 1997.

Taxation for the year was \$24.5 million, equivalent to 29.1% of Group pre-tax profit before provisions.

After accounting for minority interests, Group attributable loss for the year was \$350.6 million, compared with a profit of \$104.7 million in the previous year.



Cash Flows

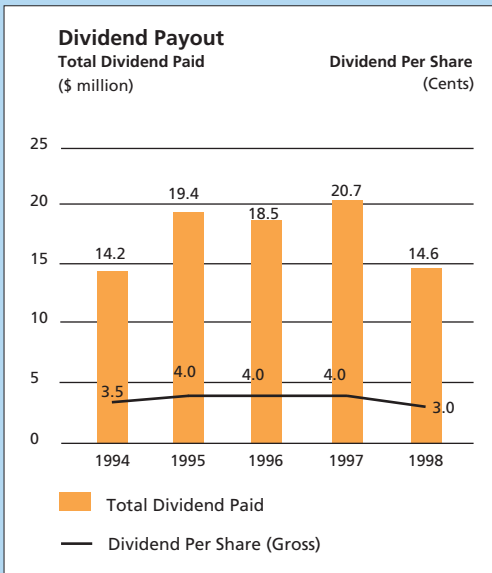
During 1998, the Group incurred \$384.9 million in development expenditure. Purchases of fixed assets, additional investment and advances to associated companies amounted to \$46.5 million. A further \$101.1 million was for tax payments and dividends to shareholders.

Cash generated from operations amounted to \$380.4 million. Proceeds from progress billings and sale of an investment property were \$335.1 million, and the net loan drawdown was \$527.9 million.

The overall net cash inflow was \$490.5 million, represented mainly by decreases of short-term borrowings from related companies. In 1997, there was a net cash outflow of \$502.2 million.

Dividend

A final dividend of 6% (3 cents per share) less tax at 26% amounting to \$14.6 million on the existing issued share capital, has been proposed for the financial year ended 31 December 1998. For 1997, a dividend of 8% (4 per cents per share) less tax of \$19.4 million was declared and paid.

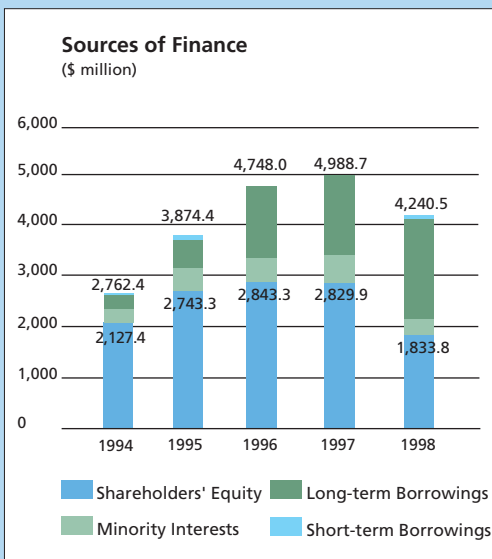


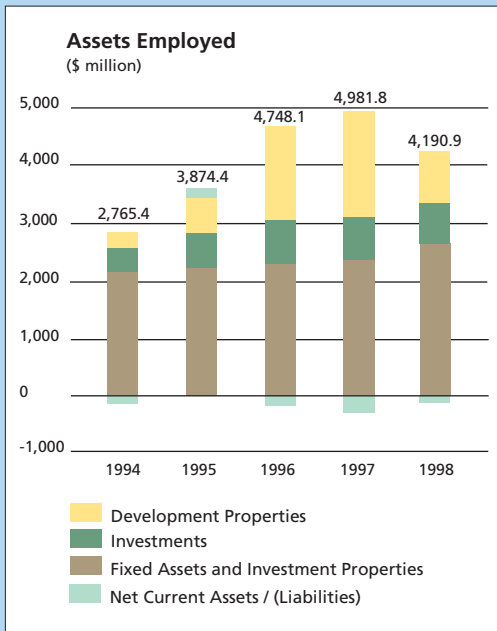
Financial Condition at End-1998

At 31 December 1998, share capital and reserves totalled \$1.8 billion, which was 35.2% lower than that at end-1997. Net borrowings at \$2.1 billion represented 114% of total shareholders' funds, an increase from 75.5% a year ago.

The Company's paid-up share capital was unchanged during the year, and total reserves fell by \$996.1 million.

Net tangible assets backing per share was \$2.80, a decrease of 35.2% from the previous year's figure of \$4.32.





Five-Year Summary

In 1994, the Group had a good year. Higher profits were achieved on the back of improved rentals for investment properties and the sales of residential properties (The Courtyard, Casuarina Cove, Cluny Park and Chatsworth). At the attributable profit level, Group profit before extraordinary items rose to \$59.3 million from \$36.3 million in 1993. At operating and pre-tax profit levels, new record earnings of \$85.9 million and \$91.1 million respectively were achieved.

The uptrend continued in 1995. The Pebble Bay project was launched, adding to the profit contributions from four other residential projects. Higher earnings also came from the Group's office buildings. Group pre-tax profit reached \$138.2 million, and attributable profit was \$74.2 million.

Further progress was made in 1996. Group's profit before tax increased to \$233.8 million, and attributable profit to \$101.6 million. Improvements came from the Pebble Bay condominium project and the initial profit recognition from the two industrial building projects.

For 1997, whilst Group's profit before tax showed a decline, attributable profit improved by 3% to \$104.7 million. These results included the partial sale of Prudential Tower, the disposal of 30% shareholding in a property subsidiary and shop units at Heritage Court and Bukit Timah Plaza.

In 1998, the Group incurred an attributable loss of \$350.6 million. Profit contributions from continuing businesses, partial sale of Prudential Tower and the sale of an office building in Australia were insufficient to cover the provisions made for two leasehold residential developments and the Group's freehold landbank.

