

SEGMENTAL REPORTING

Analyses **64**

Property Investment

For 1998, sales from Property Investment were \$221.1 million or 19% of Group total (including associated companies). This was 4.2% below the previous year's figure of \$230.8 million (or 15.4% of Group sales for that year).

In Singapore, the Group's office buildings - Ocean Building, Ocean Towers, The Exchange, Keppel Towers and GE Tower - enjoyed good occupancies in 1998. Capital Square and Prudential Tower office developments obtained their Temporary Occupation Permits in late 1998. Bugis Junction, an integrated development comprising offices, large-scale retail space and Hotel Inter-Continental, Singapore, is almost fully let.

In Vietnam, International Centre located in Hanoi is more than 80% let. At Saigon Centre (Phase 1) which comprises 3-storey retail, 11-storey office and 89 serviced apartments, the occupancy rate is around 85%.

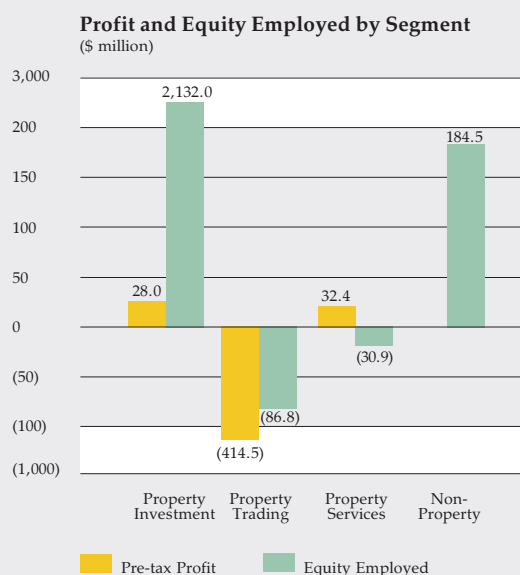
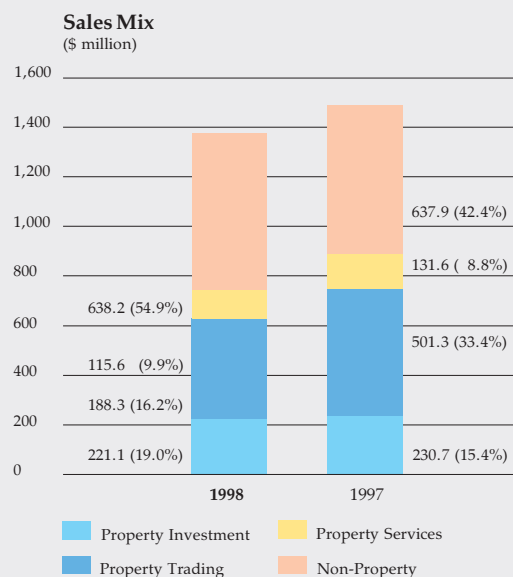
At the pre-tax profit level, Property Investment's contribution was \$28 million compared with \$41.8 million in 1997. The results in 1998 were affected by the start-up expenses in Capital Square and Prudential Towers, and the disposal of the office building in Sydney, Australia.

Property Trading

Sales from Property Trading were \$188.3 million or 16.2% of Group revenue. This was \$313 million lower than 1997 sales of \$501.3 million. This segment recorded a pre-tax loss of \$414.6 million after accounting for the provisions of \$438.2 million in respect of Palm Gardens and The Mayfair, and the Group's freehold landbank. During 1998, the main contributors to profits were from the partial sale of Prudential Towers and retail space at Bukit Timah Plaza.

Property Services

This is hotel / serviced apartment operations and the fee-based segment of the Group's business, and includes marketing, project management, property and hotel / serviced apartment management services and related technical consultancy services.



After accounting for the profit of \$31.7 million from the sale of an office building in Australia, Property Services made a pre-tax profit of \$32.4 million from sales of \$115.6 million (or 9.9% of total sales for the Group). In 1997, sales and pre-tax profits from Property Services were \$131.6 million and \$12.8 million respectively.

Non-Property

For 1998, Non-Property comprising the Group's associated companies (engaged in telecommunications and transportation, engineering, leisure and financial services activities) provided a pre-tax profit of \$37,000. Non-property sales of \$638.2 million represented 54.9% of Group sales (including associated companies). In 1997, Non-Property pre-tax profit contribution was \$8.4 million from sales of \$637.9 million.

Equity Employed

At 31 December 1998, the Group's equity employed amounted to \$2.2 billion, 35.1% lower than the corresponding position a year ago. This came from funds provided by the Company's shareholders and the minority shareholders in certain subsidiary companies. The greater part of these funds was utilised by Property Investment (\$2.1 billion). Property Trading's utilisation was negative \$86.8 million, Property Services' was negative \$30.9 million, and Non-Property's was \$184.5 million.

	Sales		Pre-tax profit		Attributable Profit	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Property						
Investment	221,071	230,760	28,012	41,803	16,299	26,173
Trading	188,296	501,275	(414,585)	146,642	(382,018)	74,384
Services *	115,648	131,586	32,387	12,799	17,172	(846)
	<u>525,015</u>	<u>863,621</u>	<u>(354,186)</u>	<u>201,244</u>	<u>(348,547)</u>	<u>99,711</u>
Non-property	638,158	637,890	37	8,419	(2,017)	4,952
	<u>1,163,173</u>	<u>1,501,511</u>	<u>(354,149)</u>	<u>209,663</u>	<u>(350,564)</u>	<u>104,663</u>
Group	317,914	621,160	(348,388)	198,302	(340,143)	98,861
Associates	845,259	880,351	(5,761)	11,361	(10,421)	5,802
	<u>1,163,173</u>	<u>1,501,511</u>	<u>(354,149)</u>	<u>209,663</u>	<u>(350,564)</u>	<u>104,663</u>

* Includes exceptional item

