Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	METRO HOLDINGS LTD
Securities	METRO HOLDINGS LIMITED - SG1I11878499 - M01
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Announcement Details

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Submitted By (Co./ Ind. Name)	Tan Ching Chek
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the following attachments: 1. Unaudited Results For The Second Quarter Ended 30 September 2015 ; and 2. Press Release

Additional Details

For Financial Period Ended	30/09/2015

Attachments	MHL- Q2 results.pdf MHL-PR.pdf Total size =143K

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NEWS RELEASE

METRO HOLDINGS REPORTS NET PROFIT OF S$18.6 MILLION AND REVENUE OF S$38.3 MILLION FOR 2QFY2016

- ***Lower bottomline mainly due to recognition of significant gains in the previous corresponding period – Top Spring and EC Mall, Beijing***
- ***Net gain of S$4.3 million from disposal of Frontier Koishikawa, Tokyo***
- ***Maintains strong balance sheet with cash holdings of S$570.2 million and shareholders' equity of S$1.4 billion as at 30 September 2015***

Singapore, 11 November 2015 – Main Board-listed Metro Holdings Limited ("Metro" or the "Group") ("美罗控股有限公司"), a property development and investment group backed by established retail operations in the region, registered a net profit of S$18.6 million for the three months ended 30 September 2015 ("2QFY2016"), as compared to S$60.6 million in the previous corresponding period ("2QFY2015").

Revenue increased 22.3% to S$38.3 million, up from S$31.3 million over the same period. The rise was mainly due to a higher turnover driven by the Retail Division's new Metro Centrepoint store in Singapore which commenced operations in the third quarter of FY2015, as well as higher contribution from existing stores. High costs of the new store led to the Retail Division recording an operating loss of S$2.1 million in 2QFY2016 from an operating loss of S$1.2 million in 2QFY2015.

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Overall, the Group's profit from operating activities made a turnaround from a loss of S$14.6 million in 2QFY2015 to an operating profit of S$8.8 million in 2QFY2016. The increase was mainly attributable to a five-time growth in other income, which rose to S$16.1 million from S$3.1 million over the same period. This was mainly due to a S$4.3 million gain on disposal of Frontier Koishikawa, Tokyo, and exchange differences on bank balances of S$6.7 million. However, it was partially offset by an unrealised fair value loss of S$5.4 million relating to Metro's portfolio of short-term equity REIT investments. In addition, for 2QFY2016, there was also an absence of a S$10.3 million unrealised impairment of available-for-sale investments which was registered in 2QFY2015.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱维良), said, "In line with our strategy of divesting assets suitable for capital recycling, we entered into a Sale and Purchase Agreement in July 2015 to divest our sole property in Japan – Frontier Koishikawa. This divestment served to rationalise the geographical spread of our overall property portfolio, given that we do not intend to further expand the size of our portfolio in Japan beyond the Frontier Koishikawa building.

"With the net proceeds, after the repayment of bank borrowings, we will be able to beef up our war chest for potential investments in property development around the region and participate in strategic alliances. By doing so, it will enable us to drive higher returns on our capital."

Profit before taxation, on the other hand, declined 69.0% to S$19.1 million in 2QFY2016 from S$61.6 million in 2QFY2015. Share of results of associates decreased to S$5.5 million from S$64.1 million over the same period. This was mainly because the previous corresponding quarter's results in 2QFY2015 included a gain of S$64.2 million, representing negative goodwill on acquisition of associates, namely, with the recognition of Top Spring as an associate on 1 July 2014. At the same time, share of results of joint ventures decreased to S$5.1 million in 2QFY2016 from S$12.4 million in 2QFY2015. This was primarily because the previous corresponding quarter of 2QFY2015 included a fair value gain on EC mall, Beijing, of S$8.0 million. The property was disposed on 1 April 2015.

Correspondingly, the Group's bottomline was impacted, and earnings per share declined from 7.4 Singapore cents in the previous corresponding period to 2.2 Singapore cents in the latest period.

Strong Balance Sheet

The Group's balance sheet continues to remain robust with cash holdings increasing to S$570.2 million from S$378.8 million while shareholders' equity stood at approximately S$1.4 billion as at 30 September 2015.

Outlook

Within China, Metro's residential properties for its Nanchang project in the prime Hong Gu Tan CBD area of Nanchang, China, continue to be sold in phases. The next major phases are scheduled for completion in late 2015. With about 23,393 square metres gross floor area worth HK$392.5 million (approximately S$72.2 million) presold during the quarter, total sales to-date reached HK$5.9 billion as at 30 September 2015.

With the sale of Frontier Koishikawa, Tokyo, rental contribution to the Group has ceased; and Metro expects rental income of GIE Tower, Guangzhou, to remain steady.

As the market sentiment of Singapore's residential property sector remains cautious, sales of its residential project, The Crest at Prince Charles Crescent, continues to be slow.

Metro's Chairman, Winston Choo added, "For our core Property Development and Investment Division, we remain focused on widening our reach and potential earnings stream in markets where we have strong partners, including China, Singapore and the UK.

“As for our existing commercial properties in China’s first-tier cities, we continually seek opportunities in asset enhancement and reconfiguration to improve our yield. In that regard, Metro City, Shanghai, is currently undergoing a reconfiguration exercise. With our strong cash position, we will look into further enlarging our asset portfolio beyond commercial properties, adding to our portfolio of mixed-use developments, residential developments and serviced apartments.

“The retail outlook remains challenging, especially with the competitiveness of the industry, discounted trading environment and high operating costs. As such, we anticipate these factors to continue impacting our Retail Division. As part of our plans to consolidate our human resources and redirect it to areas which would further enhance shareholders’ value, we will be ceasing operations at Metro City Square in late 2015 upon the expiry of its lease. We also expect Metro Centrepoint’s sales to remain affected as The Centrepoint has been undergoing a makeover since May 2015.

“Going forward, our focus remains on pursuing value accretive opportunities within each of our business segment.”

ABOUT METRO HOLDINGS LIMITED

Listed on the Main Board of the SGX-ST in 1973, Metro Holdings started out in 1957 as a textile store on 72 High Street. Over the years, Metro has grown to become a property and retail group with operations and investments in the region.

Today, the Group operates two core business divisions – property development and investment, and retail – and is focused on key markets in the region such as China, Indonesia, Singapore and the United Kingdom.

Property Development and Investment

The Group's property arm owns and manages several prime retail and office properties in first-tier cities in China, such as Shanghai and Guangzhou. It has expanded its portfolio to cover a fuller spectrum of properties and also holds significant investments in certain property businesses. This includes mixed-use and residential developments in China, Singapore and more recently, the United Kingdom.

Retail

Metro's retail arm serves customers through a chain of four Metro department stores in Singapore, and another nine department stores in Indonesia. The Metro shopping brand is an established household name in the retail industry, and offers a wide range of quality merchandise over 1.4 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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