

Miscellaneous

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NEWS RELEASE

METRO HOLDINGS ACHIEVES 5.7% GROWTH IN REVENUE TO S\$87.2 MILLION FOR 1HFY2012

- ***Steady revenue for core Property Division and higher sales for Retail Division***
- ***Strong balance sheet with cash of S\$460.7 million***
- ***Shareholders' equity of S\$1.0 billion***

Singapore, 14 November 2011 – Mainboard-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, today reported a 5.7% increase in revenue to S\$87.3 million for the first half ended 30 September 2011 (“1HFY2012”), from S\$82.6 million in the previous corresponding period (“1HFY2011”).

A steady turnover from the Group’s Property Division and higher sales from its Retail Division contributed to the increase in revenue during the quarter.

Profit before tax decreased from S\$67.8 million in 1HFY2011 to S\$7.5 million in 1HFY2012, mainly due to the share of an associate’s divestment gain relating to 1 Financial Street of S\$55.3 million recorded in the previous corresponding period and a decline in the fair value of the Group’s portfolio of short term investments for 1HFY2012. Consequently, net profit attributable to shareholders decreased to S\$2.7 million in 1HFY2012 from S\$58.8 million in 1HFY2011.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱維良), commented, "Our core Property Division has continued to yield good results from asset enhancement initiatives. All five of our properties in three first-tier cities – Shanghai, Beijing and Guangzhou – continue to enjoy a high occupancy averaging over 93%. At the same time, we have seen a higher rental income from Metro City Shanghai after the revamp of the basement into a Japanese themed section. Looking beyond China, our investment in Japan has also proven to be fruitful, with an initial contribution from the Frontier Koishikawa Building which we acquired in April last year.

"Our Retail Division has also done well, with our new Metro City Square department store now contributing to topline performance. The brisk sales were also attributed to a higher level of activity in Orchard Road as well as festive and promotional sale events."

Review of Financial Performance

Revenue for the Group's core Property Division held steady at S\$16.5 million in 2QFY2012 as compared to the previous corresponding period. For 2QFY2012, growth in rental income, in particular from higher occupancy at Metro Tower, Shanghai, was offset by a 3% decline in the value of the Renminbi against the Singapore dollar. For the period under review, Metro Tower, Shanghai reported a high occupancy of 97.9%.

Turnover for the Group's Retail Division rose 4.8% to S\$28.1 million in 2QFY2012 as compared to S\$26.8 million in 2QFY2011. In Singapore, profitability was affected by large scale refurbishment works at Causeway Point where Metro Woodlands is located. In Indonesia, on the other hand, higher sales were achieved in spite of a crowded retail trading scene. The resulting improved profitability of the Retail Division's associated company was sufficient to cover the start-up costs of two recently opened department stores – Metro Trans Studio Makassar and Metro Gandaria City. Correspondingly, the Group's share of the associate's profit rose from S\$0.4 million to S\$0.5 million.

Profit before tax for the Property Division declined from S\$56.5 million in 2QFY2011 to a breakeven situation in 2QFY2012. This was largely due to divestment gains of S\$55.3 million and S\$4.6 million recorded in the previous corresponding period for the divestments of 1 Financial Street and Metropolis Tower respectively. The group's profit for 2QFY2012 was also affected by a S\$9.9 million mark-to-market loss on its short term investments in quoted equities compared to a S\$4.0 million gain in 2QFY2011.

Strong Balance Sheet

The Group's balance sheet remains strong with cash of S\$460.7 million and shareholders' equity of approximately S\$1.0 billion as at 30 September 2011.

Outlook

With improved occupancies at Metro City, Shanghai, EC Mall, GIE Tower, Guangzhou and Metro Tower, Shanghai, rental income from the Group's investment properties is expected to remain stable, subject to the impact of the completion of the disposal of Metro City, Beijing.

Lt Gen (Rtd) Winston Choo said, "Structural demand for commercial and retail space remains robust in the long-term in China in both first-tier cities as well as fast growing second and third-tier cities.

"Leveraging on our strong balance sheet as well as strategic partnerships, we will continue to seek out quality properties that complement our existing portfolio to further strengthen our presence in the Asia-Pacific region."

Notwithstanding keen competition in the retail sector in Singapore and Indonesia, the Group seeks to maintain the sales performance of its Retail Division. Consumer spending is expected to remain stable for the rest of the financial year, with growth in Indonesia supported by an expanding middle class with a growing income and consumption level.

“Metro remains committed to asset enhancement initiatives to further improve our yield as well as unlock the value of our property portfolio for our shareholders. We are always on the lookout for viable investment opportunities to grow both our Property and Retail businesses,” concluded Lt Gen (Rtd) Winston Choo.

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 and Singapore.

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 Beijing, Shanghai and Guangzhou. It also holds significant investments in certain property businesses in China.

Retail

Metro’s retail arm serves customers through a chain of four Metro department stores in Singapore, and another seven 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 1,114,000 square feet of downtown and suburban retail space in Singapore and Indonesia.

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