The Group aims to maintain a prudent financial structure to ensure that it will be able to access adequate capital at an attractive cost. The main sources of cash flow for the Group are from its three business divisions, investment income and management fee income. Management monitors the Group's cash flow position, debt maturity profile, cost of funds, interest rates exposures and overall liquidity position on a continuous basis. To ensure that the Group has adequate overall liquidity to finance its operations and investment requirements, the Group maintains a significant amount of available banking facilities with a large number of banks and has continuous access to the debt capital markets.

Net Group Borrowings (net of cash) rose from S$3.76 billion to S$4.40 billion during the financial year under review. The increase in debt resulted from the continuing expansion of the Group's Assets from S$12.9 billion to S$13.5 billion during the financial year. Net Gearing (borrowings less cash) increased from 0.59 to 0.69 times as a result of 17% increase in net borrowings vs a growth in total equity of 0.6% to S$6.42 billion during the financial year. Group cash decreased marginally from S$1,150 million to S$1,033 million, as cash was expended during the year to complete development projects that had been substantially sold.

Interest cost in 2008 was S$239.0 million (of which S$142.8 million was capitalised), 32.7% higher than the previous year's interest cost of S$180.1 million (of which S$82.1 million was capitalised) mainly due to higher borrowings and higher interest rates.

Source of Funding

The Group relies on the debt capital markets, equity market and bilateral banking facilities for its funding. As at 30 September 2008, the Group has S$5.6 billion in committed and uncommitted banking facilities, S$0.62 billion in Transferable Term Loan Facilities and S$3.4 billion in Medium Term Note Programmes to meet the funding requirements of the Group.

Available Bank Lines by Banks as at 30 Sep 2008

The Group maintains an active relationship with a network of more than 20 banks of various nationalities located in various countries where the Group operates. The Group continues to adopt the philosophy of engaging the banks as our core business partners and this approach has served the Group well in the current financial turbulence. The Group continues to receive very strong support from our relationship banks in all segments of the Group's business. The Group's four core banks provide 50% of the banking facilities to the Group. Two of these banks are headquartered in Singapore and the remaining two are international foreign banks with extensive global networks. The remaining 50% of the banking facilities are extended to the Group by a group of international banks and one Singapore Bank. All banking relationships for the entire Group are maintained by Corporate Treasury in Singapore.

Maturity Profile of Group Debt

Maturing within one year	S$2,079 million
Maturing between one to two years	S$1,219 million
Maturing between two to five years	S$1,789 million
Maturing after five years	S$ 348 million
	S$5,435 million

As at the date of this report, the Group has already refinanced S$0.8 billion in borrowings maturing within the next 12 months to the year 2011 and is expected to repay another S$0.5 billion from cash flows from operations. The Group is not expecting any refinancing issues for the remaining borrowings of S$0.766 billion maturing within the next 12 months as most of these borrowings are funded either by working capital, borrowings secured on assets or existing revolving bank facilities.

Interest Rate Profile and Derivatives

The Group manages its interest cost by maintaining a prudent mix of fixed and floating rate borrowings. On a portfolio basis, 64% of the Group's borrowings are in fixed rates with an average fixed rate tenor of 2 years and 9 months as at 30 September 2008. Another 2% of the Group's borrowings are on floating interest rates with interest rates caps. The remaining 34% of the Group's borrowings are on floating rates as at 30 September 2008. The floating rate loan portfolio allows the Group to maintain a flexible maturity profile to support divestments and expected cash inflows from sales of development property where debt can be reduced quickly.

In managing the interest rate profile, the Group takes into account the interest rate outlook, cash flow generated from its business operations, holding period of long term investments and any acquisition and divestments plans.

The Group makes use of interest rates derivatives for the purpose of hedging interest rates risks and managing its portfolio of fixed and floating rate borrowings. The Group does not engage in trading in interest rates derivatives. The Group's total interest rate derivatives and the mark to market values as at 30 September 2008 are disclosed in the financial statement in Note 38.

Gearing and Interest Cover

The Group aims to maintain a Net Debt to Total Equity ratio of below 1. As at 30 September 2008, this ratio was 0.69. Total interest cost during the year amounted to S$239.0 million, of which S$142.8 million was capitalised as part of Properties Under Development. The net interest charged to profit statement for the year was S$64.6 million and net interest cover was at 12.0 times. Net Borrowings over EBITDA was at 4.75 times.

Foreign Exchange Risks and Derivatives

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. Where exposures are certain, it is the Group's policy to hedge these risks as they arise. For those exposures less certain in their timing and extent, it is the Group's policy to cover 50% to 90% of anticipated exposures for a maximum period of 12 months forward. The Group uses foreign currency forward exchange contracts and certain currency derivatives to manage these foreign exchange risks.

The Group does not engage in trading of foreign exchange and foreign exchange derivatives. The Group uses foreign exchange contracts and derivatives solely for hedging actual underlying foreign exchange requirements in accordance with hedging limits set by the Audit Committee and the Board under the Group Treasury Policy. These policies are reviewed regularly by the Audit and Executive Committees to ensure that the Group's policies and guidelines are in line with the Group's foreign exchange risk management objectives.

The Group's foreign exchange contracts and derivatives and the mark to market values as at 30 September 2008 is disclosed in the financial statement in Note 38.

The Group does not hedge its foreign exchange risks of its investments in overseas subsidiary, joint venture and associated companies. Such investments are long term in nature and therefore not feasible and economical to hedge. The Group only hedges the cash flows to and from its overseas subsidiary, joint venture and associated companies.