



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

#### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited.

	The Group			The Group		
	Second quarter ended		Incr/ (Decr) %	Half year ended		Incr/ (Decr) %
	30 June			30 June		
	2013 S\$'000	2012 S\$'000		2013 S\$'000	2012 S\$'000	
Revenue	801,610	787,767	1.8	1,565,095	1,634,500	(4.2)
Cost of sales	(430,483)	(378,445)	13.8	(833,266)	(857,875)	(2.9)
<b>Gross profit</b>	<b>371,127</b>	<b>409,322</b>	<b>(9.3)</b>	<b>731,829</b>	<b>776,625</b>	<b>(5.8)</b>
Other operating income <sup>(2)</sup>	137,513	4,336	3,071.4	169,606	50,156	238.2
Administrative expenses <sup>(3)</sup>	(131,425)	(123,259)	6.6	(259,465)	(246,344)	5.3
Other operating expenses <sup>(4)</sup>	(99,076)	(109,098)	(9.2)	(184,944)	(189,176)	(2.2)
<b>Profit from operations</b>	<b>278,139</b>	<b>181,301</b>	<b>53.4</b>	<b>457,026</b>	<b>391,261</b>	<b>16.8</b>
Finance income <sup>(5)</sup>	6,155	7,839	(21.5)	16,091	18,917	(14.9)
Finance costs <sup>(6)</sup>	(18,690)	(18,025)	3.7	(35,668)	(38,238)	(6.7)
<b>Net finance costs</b>	<b>(12,535)</b>	<b>(10,186)</b>	<b>23.1</b>	<b>(19,577)</b>	<b>(19,321)</b>	<b>1.3</b>
Share of after-tax profit of associates <sup>(7)</sup>	2,357	24,572	(90.4)	8,791	31,829	(72.4)
Share of after-tax profit of jointly-controlled entities <sup>(8)</sup>	5,009	7,044	(28.9)	13,201	14,582	(9.5)
<b>Profit before income tax <sup>(1)</sup></b>	<b>272,970</b>	<b>202,731</b>	<b>34.6</b>	<b>459,441</b>	<b>418,351</b>	<b>9.8</b>
Income tax expense <sup>(9)</sup>	(26,239)	(31,110)	(15.7)	(46,256)	(50,489)	(8.4)
<b>Profit for the period</b>	<b>246,731</b>	<b>171,621</b>	<b>43.8</b>	<b>413,185</b>	<b>367,862</b>	<b>12.3</b>
<b>Attributable to:</b>						
<b>Owners of the Company</b>	<b>203,807</b>	<b>137,705</b>	<b>48.0</b>	<b>341,454</b>	<b>294,456</b>	<b>16.0</b>
Non-controlling interests	42,924	33,916	26.6	71,731	73,406	(2.3)
<b>Profit for the period</b>	<b>246,731</b>	<b>171,621</b>	<b>43.8</b>	<b>413,185</b>	<b>367,862</b>	<b>12.3</b>
<b>Earnings per share</b>						
- basic	21.7 cents	14.4 cents	50.7	36.8 cents	31.7 cents	16.1
- diluted	21.4 cents	14.4 cents	48.6	35.8 cents	30.9 cents	15.9

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## Notes to the Group's Income Statement:

- (1) Profit before income tax includes the following:

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Interest income	6,229	7,817	12,362	15,855
Profit on sale of investments, investment properties and property, plant and equipment (net)	116,306	872	144,756	41,749
Gain on dilution/disposal of investment in an associate (net)	-	601	603	601
Gain/(Loss) on disposal/liquidation of investment in subsidiaries (net)	20,135	(7,832)	20,135	(7,832)
Investment income	1,609	1,728	1,781	1,984
(Allowance)/Write-back of allowance for foreseeable losses on development properties	(136)	-	(136)	1,193
Depreciation and amortisation	(39,290)	(35,392)	(77,731)	(70,636)
Interest expenses	(16,720)	(16,934)	(32,393)	(34,575)
Net exchange (loss)/gain	(6,558)	(4,971)	(2,324)	231
Net change in fair value of financial assets held for trading	(1,514)	22	1,098	3,062
Impairment loss on loans to a jointly-controlled entity	(272)	(236)	(548)	(473)

- (2) Other operating income comprises mainly management fee, miscellaneous income and profit on sale of investments, investment properties and property, plant and equipment. This had increased by \$133.2 million to \$137.5 million (Q2 2012: \$4.3 million) for Q2 2013, and \$119.4 million to \$169.6 million (1H 2012: \$50.2 million) for 1H 2013. The significant increases for Q2 2013 and 1H 2013 were mainly due to gains recognised on disposal of an industrial site at 100G Pasir Panjang and a subsidiary in China. For 1H 2013, gains were also accounted for the disposal of several strata units in Citimac Industrial Complex, Elite Industrial Building I and Elite Industrial Building II but partially offset by lower gains from realisation of a private real estate fund.
- (3) Administrative expenses, which comprise mainly depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses increased by \$8.1 million to \$131.4 million (Q2 2012: \$123.3 million) for Q2 2013 and \$13.2 million to \$259.5 million (1H 2012: \$246.3 million) for 1H 2013. The increases in Q2 2013 and 1H 2013 were mainly due to higher salaries and related expenses and increased depreciation following commencement of operations in W Singapore Sentosa Cove Hotel in October 2012 but partially mitigated by lower operating lease expense.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences and professional fees. This had decreased by \$10.0 million to \$99.1 million (Q2 2012: \$109.1 million) for Q2 2013 but remained relatively constant for 1H 2013 at \$184.9 million (1H 2012: \$189.2 million). The decrease for Q2 2013 was mainly due to lower professional fees incurred. In addition, included in Q2 2012 was the realisation of exchange losses capitalised in exchange fluctuation reserve upon liquidation of two foreign subsidiaries.
- (5) Finance income comprises mainly interest income and fair value gain on financial assets held for trading. This had decreased by \$1.6 million and \$2.8 million for Q2 2013 and 1H 2013 respectively. The decreases for both Q2 2013 and 1H 2013 were due to lower interest income earned. In addition, lower fair value gains recorded on financial assets held for trading also contributed to the decrease for 1H 2013.
- (6) Finance costs comprise mainly interest on borrowings, fair value loss on financial assets held for trading and amortisation of capitalised transaction costs on borrowings. This had remained relatively constant at \$18.7 million (Q2 2012: \$18.0 million) for Q2 2013 and \$35.7 million (1H 2012: \$38.2 million) for 1H 2013.

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- (7) Share of after-tax profit of associates relates primarily to the Group's share of results of CDL Hospitality Trusts and First Sponsor Capital Limited (FSCL), both held via the Company's 57% owned subsidiary, Millennium & Cophorne Hotels plc. The decreases for Q2 2013 and 1H 2013 by \$22.2 million and \$23.0 million respectively were mainly attributable to lower profit contribution from Chengdu Cityspring project, held by FSCL.
- (8) Share of after-tax profit of jointly-controlled entities decreased by \$2.0 million in Q2 2013 to \$5.0 million (Q2 2012: \$7.0 million) but remained relatively constant at \$13.2 million (1H 2012: \$14.6 million) for 1H 2013. The decrease for Q2 2013 was due to absence of contribution from The Gale following its completion in January 2013 but partially mitigated by the contribution from Bartley Residences.
- (9) Income tax expense for the period is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates.

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2013 S\$m	2012 S\$m	2013 S\$m	2012 S\$m
The tax charge relates to the following:				
Profit for the period	26.9	39.5	54.6	77.2
Overprovision in respect of prior periods	(0.7)	(8.4)	(8.3)	(26.7)
	<u>26.2</u>	<u>31.1</u>	<u>46.3</u>	<u>50.5</u>

The overall effective tax rate of the Group was 9.6% (Q2 2012: 15.3%) for Q2 2013 and 10.1% (1H 2012: 12.1%) for 1H 2013. Excluding the overprovision in respect of prior periods, the effective tax rate of the Group is 9.9% (Q2 2012: 19.5%) for Q2 2013 and 11.9% (1H 2012: 18.5%) for 1H 2013.

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	The Group		The Company	
		As at 30.06.2013 S\$'000	As at 31.12.2012 S\$'000	As at 30.06.2012 S\$'000	As at 31.12.2012 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		3,504,311	3,405,474	9,189	9,772
Investment properties		2,843,810	2,916,193	516,005	518,651
Lease premium prepayment		85,842	82,798	-	-
Investments in subsidiaries		-	-	2,222,679	2,223,435
Investments in associates		419,741	417,855	-	-
Investments in jointly-controlled entities		757,748	806,956	36,360	36,360
Investments in financial assets	(1)	79,436	102,132	27,962	27,687
Other non-current assets		82,852	79,072	407,244	428,227
		<b>7,773,740</b>	<b>7,810,480</b>	<b>3,219,439</b>	<b>3,244,132</b>
<b>Current assets</b>					
Development properties		4,221,320	4,310,685	520,733	651,687
Lease premium prepayment		2,614	2,484	-	-
Consumable stocks		8,227	8,838	7	32
Financial assets		34,136	32,585	-	-
Assets classified as held for sale	(2)	2,860	103,698	-	-
Trade and other receivables		1,506,823	1,182,731	5,160,868	4,936,376
Cash and cash equivalents		2,517,558	2,156,827	1,219,545	1,040,004
		<b>8,293,538</b>	<b>7,797,848</b>	<b>6,901,153</b>	<b>6,628,099</b>
<b>Total assets</b>		<b>16,067,278</b>	<b>15,608,328</b>	<b>10,120,592</b>	<b>9,872,231</b>
<b>Equity attributable to Owners of the Company</b>					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		5,556,166	5,312,251	3,303,871	3,402,160
		7,547,563	7,303,648	5,295,268	5,393,557
<b>Non-controlling interests</b>					
		1,940,644	1,953,407	-	-
<b>Total equity</b>		<b>9,488,207</b>	<b>9,257,055</b>	<b>5,295,268</b>	<b>5,393,557</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings*		3,652,911	3,468,764	2,468,349	2,381,248
Employee benefits		35,378	34,774	-	-
Other liabilities		150,823	145,522	220,655	124,254
Provisions		15,922	15,415	-	-
Deferred tax liabilities		352,699	352,637	38,795	45,842
		<b>4,207,733</b>	<b>4,017,112</b>	<b>2,727,799</b>	<b>2,551,344</b>
<b>Current liabilities</b>					
Trade and other payables		1,184,868	1,034,134	1,603,916	1,444,302
Interest-bearing borrowings*		937,805	998,164	408,667	408,448
Employee benefits		18,281	16,279	2,441	2,477
Other liabilities		296	266	-	-
Provision for taxation		204,584	221,360	82,501	72,103
Provisions		25,504	23,816	-	-
Liabilities classified as held for sale	(2)	-	40,142	-	-
		<b>2,371,338</b>	<b>2,334,161</b>	<b>2,097,525</b>	<b>1,927,330</b>
<b>Total liabilities</b>		<b>6,579,071</b>	<b>6,351,273</b>	<b>4,825,324</b>	<b>4,478,674</b>
<b>Total equity and liabilities</b>		<b>16,067,278</b>	<b>15,608,328</b>	<b>10,120,592</b>	<b>9,872,231</b>

\* These balances are stated at amortised cost after taking into consideration their related transaction costs.

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## Notes to the statement of financial position of the Group

- 1) The decrease in financial assets was mainly due to the realisation of investments in a private real estate fund.
- 2) The decrease was due to the completion of the equity transfer of the Group's interest in an indirect wholly-owned subsidiary. As at 30 June 2013, the assets classified as held for sale relate to assets associated with 1 strata floor in GB Building. The Group had issued an option to purchase for the sale of this strata floor. The transaction is expected to be completed in 2013.

### 1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks, financial institutions and finance lease creditors, after deducting cash and cash equivalents. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	As at 30.06.2013 S\$'000	As at 31.12.2012 S\$'000	
<b><u>Unsecured</u></b>			
- repayable within one year	687,384	750,790	
- repayable after one year	2,956,421	2,676,832	
(a)	<u>3,643,805</u>	<u>3,427,622</u>	
<b><u>Secured</u></b>			
- repayable within one year	250,917	249,248	
- repayable after one year	709,731	841,834	
(b)	<u>960,648</u>	<u>1,091,082</u>	
Gross borrowings	(a) + (b)	4,604,453	4,518,704
Less: cash and cash equivalents as shown in the statement of financial position	(2,517,558)	(2,156,827)	
Less: cash and cash equivalents included in assets classified as held for sale	-	(5,204)	
Net borrowings	<u>2,086,895</u>	<u>2,356,673</u>	

### Details of any collateral

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' hotels, investment and development properties; and
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties.

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Second quarter ended 30 June		Half year ended 30 June	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>Operating Activities</b>				
Profit for the period	246,731	171,621	413,185	367,862
<b>Adjustments for:</b>				
Depreciation and amortisation	39,290	35,392	77,731	70,636
Dividend income	(1,609)	(1,728)	(1,781)	(1,984)
Equity settled share-based transactions	1,205	1,199	2,381	2,397
Finance income	(6,155)	(7,839)	(16,091)	(18,917)
Finance costs	18,690	18,025	35,668	38,238
Gain on dilution/disposal of investment in an associate (net)	-	(601)	(603)	(601)
(Gain)/Loss on disposal/liquidation of investment in subsidiaries (net)	(20,135)	7,832	(20,135)	7,832
Impairment loss on loans to a jointly-controlled entity	272	236	548	473
Income tax expense	26,239	31,110	46,256	50,489
Profit on sale of property, plant and equipment and investment properties	(115,182)	(31)	(139,009)	(79)
Profit on sale of investments	(1,124)	(841)	(5,747)	(41,670)
Property, plant and equipment and investment properties written off	1	17	1	17
Share of after-tax profit of associates	(2,357)	(24,572)	(8,791)	(31,829)
Share of after-tax profit of jointly-controlled entities	(5,009)	(7,044)	(13,201)	(14,582)
Units in an associate received and receivable in lieu of fee income	(2,420)	(2,408)	(4,907)	(4,896)
Operating profit before working capital changes	178,437	220,368	365,505	423,386
<b>Changes in working capital</b>				
Development properties	187,712	(56,585)	116,324	(35,920)
Stocks, trade and other receivables	(136,233)	133,959	(314,662)	37,383
Trade and other payables	119,904	20,227	147,263	76,672
Employee benefits	1,717	1,451	3,040	1,599
Cash generated from operations	351,537	319,420	317,470	503,120
Income tax paid	(57,768)	(92,804)	(72,752)	(106,927)
<b>Cash flows from operating activities carried forward</b>	<b>293,769</b>	<b>226,616</b>	<b>244,718</b>	<b>396,193</b>

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	Second quarter ended		Half year ended	
	30 June		30 June	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities brought forward</b>	<b>293,769</b>	<b>226,616</b>	<b>244,718</b>	<b>396,193</b>
<b>Investing Activities</b>				
Capital expenditure on investment properties	(2,820)	(18,222)	(6,647)	(34,107)
Decrease in investments in associates	-	3,006	1,505	3,006
Disposal/(Acquisition) of subsidiaries (net of cash acquired) <sup>(1)</sup>	74,171	-	74,171	(208,017)
Dividends received:				
- an associate	-	-	19,238	19,457
- jointly-controlled entities	69,889	263	70,019	13,619
- financial investments	1,609	1,728	1,781	1,984
Increase in investments in jointly-controlled entities	(3,416)	(4,618)	(3,416)	(8,162)
Interest received	4,031	4,410	8,937	9,519
Payments for purchase of property, plant and equipment	(74,407)	(85,855)	(111,443)	(127,905)
Proceeds from sale of property, plant and equipment and investment properties <sup>(2)</sup>	150,865	97	181,099	560
Proceeds from realisation of financial assets <sup>(3)</sup>	7,721	2,372	29,881	92,747
<b>Cash flows from/(used in) investing activities</b>	<b>227,643</b>	<b>(96,819)</b>	<b>265,125</b>	<b>(237,299)</b>
<b>Financing Activities</b>				
Acquisition of non-controlling interests	(72,168)	-	(72,168)	-
Capital contribution by non-controlling interests	227	77	738	95
(Decrease)/Increase from amount owing to/by related parties	(892)	23,474	3,782	62,735
Dividends paid	(161,959)	(166,084)	(161,959)	(166,084)
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(19,658)	(22,444)	(43,763)	(44,960)
Net repayments of revolving credit facilities and short-term bank borrowings	(170,449)	(143,440)	(54,982)	(76,318)
Payment of financing transaction costs	(879)	(1,575)	(2,556)	(1,893)
Payment for settlement of financial instruments	-	-	(4,132)	-
Proceeds from bank borrowings	69,426	-	136,422	-
Proceeds from issuance of bonds and notes	200,440	105,647	412,195	205,647
(Repayment of)/Increase in other long-term liabilities	(63)	224	(538)	234
Repayment of finance lease	(6)	-	(8)	(3)
Repayment of bank borrowings	(60,405)	(74,865)	(119,145)	(245,164)
Repayment of bonds and notes	(50,880)	(217,637)	(254,390)	(217,637)
<b>Cash flows used in financing activities</b> <sup>(4)</sup>	<b>(267,266)</b>	<b>(496,623)</b>	<b>(160,504)</b>	<b>(483,348)</b>
<b>Net increase/(decrease) in cash and cash equivalents carried forward</b>	<b>254,146</b>	<b>(366,826)</b>	<b>349,339</b>	<b>(324,454)</b>

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	Second quarter ended		Half year ended	
	30 June		30 June	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Net increase/(decrease) in cash and cash equivalents brought forward</b>	<b>254,146</b>	<b>(366,826)</b>	<b>349,339</b>	<b>(324,454)</b>
Cash and cash equivalents at beginning of the period	2,228,262	2,526,515	2,127,160	2,487,580
Effect of exchange rate changes on balances held in foreign currencies	3,509	(4,594)	9,418	(8,031)
<b>Cash and cash equivalents at end of the period</b>	<b>2,485,917</b>	<b>2,155,095</b>	<b>2,485,917</b>	<b>2,155,095</b>
<b>Cash and cash equivalents comprise:-</b>				
Cash and cash equivalents as shown in the Balance Sheet	2,517,558	2,310,477	2,517,558	2,310,477
Less: Bank overdrafts	(31,641)	(155,382)	(31,641)	(155,382)
	<b>2,485,917</b>	<b>2,155,095</b>	<b>2,485,917</b>	<b>2,155,095</b>

## Notes to the statement of cash flows

- (1) The net cash inflows for Q2 2013 and 1H 2013 were due to disposal of a subsidiary in China. For 1H 2012, the net cash outflow relates to acquisition of a group of foreign entities in Q1 2012 which had interests in two retail developments and a hotel.
- (2) The net cash inflows for Q2 2013 and 1H 2013 were primarily due to the proceeds from the sale of several strata units in Citimac Industrial Complex, Elite Industrial Building I and Elite Industrial Building II in Q1 2013 and an industrial site at 100G Pasir Panjang in Q2 2013.
- (3) The cash inflows for 1H 2013 and 1H 2012 refer to proceeds from realisation of investments in a private real estate fund.
- (4) The Group had a lower net cash outflows from financing activities of \$267.3 million (Q2 2012: \$496.6 million) for Q2 2013 and \$160.5 million (1H 2012: \$483.3 million) for 1H 2013. The decreases were due to lower net repayment of borrowings of \$11.9 million and \$120.1 million in Q2 2013 and 1H 2013 as compared to a net repayment of \$330.3 million and \$333.5 million in Q1 2012 and 1H 2012 respectively, but partially offset by purchase of additional shares in Millennium & Copthorne Hotels plc in Q2 2013.



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## 1(d) Consolidated Statement of Comprehensive Income

	Second quarter ended 30 June		Half year ended 30 June	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>Profit for the period</b>	246,731	171,621	413,185	367,862
<b>Other comprehensive income:</b>				
<u>Item that will not be reclassified to profit or loss:</u>				
Actuarial gains/(losses) on defined benefit plans	38	(2,875)	57	(3,736)
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Changes in fair value of equity investments available for sale	(3,785)	(3,617)	(506)	61
Effective portion of changes in fair value of cashflow hedges	152	(1,079)	(100)	(644)
Exchange differences on hedge of net investment in foreign entities	4,145	(10,508)	(8,047)	(5,482)
Exchange differences on monetary items forming part of net investments in foreign entities	(2,109)	(3,036)	9,471	(2,890)
Realisation of exchange differences on disposal/liquidation of subsidiaries	(1,138)	7,831	(1,138)	7,831
Share of other reserve movement of an associate	(102)	5	(159)	248
Translation differences arising on consolidation of foreign entities	27,325	(2,175)	49,398	(49,702)
<b>Other comprehensive income for the period, net of income tax</b>	<b>24,526</b>	<b>(15,454)</b>	<b>48,976</b>	<b>(54,314)</b>
<b>Total comprehensive income for the period</b>	<b>271,257</b>	<b>156,167</b>	<b>462,161</b>	<b>313,548</b>
<b>Attributable to:</b>				
<b>Owners of the Company</b>	<b>227,121</b>	<b>128,878</b>	<b>374,560</b>	<b>264,934</b>
Non-controlling interests	44,136	27,289	87,601	48,614
<b>Total comprehensive income for the period</b>	<b>271,257</b>	<b>156,167</b>	<b>462,161</b>	<b>313,548</b>

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1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to Owners of the Company					Total S\$m	Non- controlling Interests S\$m	Total Equity S\$m
	Share Capital S\$m	Cap. Res. S\$m	Other Res.* S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m			
At 1 January 2013	1,991.4	149.0	12.0	(392.1)	5,543.4	7,303.7	1,953.4	9,257.1
<b>Profit for the period</b>	-	-	-	-	137.6	137.6	28.8	166.4
<u>Other comprehensive income</u>								
Changes in fair value of equity investments available for sale	-	-	3.3	-	-	3.3	-	3.3
Effective portion of changes in fair value of cash flow hedges	-	-	(0.1)	-	-	(0.1)	(0.1)	(0.2)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(6.7)	-	(6.7)	(5.5)	(12.2)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	13.2	-	13.2	(1.6)	11.6
Share of other reserve movement of associates	-	-	-	-	-	-	(0.1)	(0.1)
Translation differences arising on consolidation of foreign entities	-	-	-	0.1	-	0.1	22.0	22.1
<b>Other comprehensive income for the period, net of income tax</b>	-	-	3.2	6.6	-	9.8	14.7	24.5
<b>Total comprehensive income for the period</b>	-	-	3.2	6.6	137.6	147.4	43.5	190.9
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	0.5	0.5
Share-based payment transactions	-	-	0.6	-	-	0.6	0.5	1.1
<b>Total contributions by and distributions to owners</b>	-	-	0.6	-	-	0.6	1.0	1.6
<b>Total transactions with owners</b>	-	-	0.6	-	-	0.6	1.0	1.6
At 31 March 2013	1,991.4	149.0	15.8	(385.5)	5,681.0	7,451.7	1,997.9	9,449.6
<b>Profit for the period</b>	-	-	-	-	203.8	203.8	42.9	246.7
<u>Other comprehensive income</u>								
Changes in fair value of equity investments available for sale	-	-	(3.8)	-	-	(3.8)	-	(3.8)
Effective portion of changes in fair value of cash flow hedges	-	-	0.3	(0.3)	-	0.0	0.1	0.1
Exchange differences on hedges of net investment in foreign entities	-	-	-	2.3	-	2.3	1.9	4.2
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(2.2)	-	(2.2)	0.1	(2.1)
Realisation of exchange differences on disposal/liquidation of subsidiaries	-	-	-	(1.1)	-	(1.1)	-	(1.1)
Share of other reserve movement of associates	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Translation differences arising on consolidation of foreign entities	-	-	-	28.1	-	28.1	(0.8)	27.3
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(3.6)	26.8	-	23.2	1.3	24.5
<b>Total comprehensive income for the period</b>	-	-	(3.6)	26.8	203.8	227.0	44.2	271.2
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	0.2	0.2
Dividends paid to owners of the Company	-	-	-	-	(124.6)	(124.6)	-	(124.6)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(37.3)	(37.3)
Share-based payment transactions	-	-	0.7	-	-	0.7	0.5	1.2
<b>Total contributions by and distributions to owners</b>	-	-	0.7	-	(124.6)	(123.9)	(36.6)	(160.5)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of non-controlling interests	-	(2.6)	-	(4.6)	-	(7.2)	(64.9)	(72.1)
<b>Total transactions with owners</b>	-	(2.6)	0.7	(4.6)	(124.6)	(131.1)	(101.5)	(232.6)
At 30 June 2013	1,991.4	146.4	12.9	(363.3)	5,760.2	7,547.6	1,940.6	9,488.2

\* Other reserves comprise mainly fair value reserve arising from available-for-sale investments, share of other reserve of associates and share option reserve.

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The Group	Attributable to Owners of the Company					Non-controlling Interests S\$m	Total Equity S\$m	
	Share Capital S\$m	Cap. Res. S\$m	Other Res.* S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m			Total S\$m
At 1 January 2012	1,991.4	148.9	7.4	(320.2)	4,999.3	6,826.8	1,869.2	8,696.0
<b>Profit for the period</b>	-	-	-	-	156.7	156.7	39.5	196.2
<u>Other comprehensive income</u>								
Actuarial losses on defined benefit plans	-	-	-	-	(0.4)	(0.4)	(0.4)	(0.8)
Changes in fair value of equity investments available for sale	-	-	3.7	-	-	3.7	-	3.7
Effective portion of changes in fair value of cash flow hedges	-	-	0.2	-	-	0.2	0.2	0.4
Exchange differences on hedges of net investment in foreign entities	-	-	-	2.7	-	2.7	2.3	5.0
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	1.2	-	1.2	(1.0)	0.2
Share of other reserve movements of associates	-	-	0.1	-	-	0.1	0.1	0.2
Translation differences arising on consolidation of foreign entities	-	-	-	(28.1)	-	(28.1)	(19.4)	(47.5)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	4.0	(24.2)	(0.4)	(20.6)	(18.2)	(38.8)
<b>Total comprehensive income for the period</b>	-	-	4.0	(24.2)	156.3	136.1	21.3	157.4
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Share-based payment transactions	-	-	0.5	-	-	0.5	0.5	1.0
Share options exercised	-	-	(0.3)	-	-	(0.3)	0.3	-
Total contributions by and distributions to owners	-	-	0.2	-	-	0.2	0.8	1.0
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	1.6	1.6
Total transactions with owners	-	-	0.2	-	-	0.2	2.4	2.6
<b>At 31 March 2012</b>	<b>1,991.4</b>	<b>148.9</b>	<b>11.6</b>	<b>(344.4)</b>	<b>5,155.6</b>	<b>6,963.1</b>	<b>1,892.9</b>	<b>8,856.0</b>
<b>Profit for the period</b>	-	-	-	-	137.7	137.7	33.9	171.6
<u>Other comprehensive income</u>								
Actuarial losses on defined benefit plans	-	-	-	-	(1.6)	(1.6)	(1.3)	(2.9)
Changes in fair value of equity investments available for sale	-	-	(3.6)	-	-	(3.6)	-	(3.6)
Effective portion of changes in fair value of cash flow hedges	-	-	(0.6)	-	-	(0.6)	(0.5)	(1.1)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(5.7)	-	(5.7)	(4.8)	(10.5)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(2.2)	-	(2.2)	(0.9)	(3.1)
Realisation of exchange differences on liquidation of subsidiaries	-	-	-	7.8	-	7.8	-	7.8
Translation differences arising on consolidation of foreign entities	-	-	-	(3.0)	-	(3.0)	0.8	(2.2)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(4.2)	(3.1)	(1.6)	(8.9)	(6.7)	(15.6)
<b>Total comprehensive income for the period</b>	-	-	(4.2)	(3.1)	136.1	128.8	27.2	156.0
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	0.1	0.1
Share-based payment transactions	-	-	0.7	-	-	0.7	0.6	1.3
Dividends paid to owners of the Company	-	-	-	-	(124.6)	(124.6)	-	(124.6)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(41.4)	(41.4)
Total contributions by and distributions to owners	-	-	0.7	-	(124.6)	(123.9)	(40.7)	(164.6)
<u>Changes in ownership interests in subsidiaries</u>								
Adjustment to acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	1.0	1.0
Total transactions with owners	-	-	0.7	-	(124.6)	(123.9)	(39.7)	(163.6)
<b>At 30 June 2012</b>	<b>1,991.4</b>	<b>148.9</b>	<b>8.1</b>	<b>(347.5)</b>	<b>5,167.1</b>	<b>6,968.0</b>	<b>1,880.4</b>	<b>8,848.4</b>

\* Other reserves comprise mainly fair value reserve arising from available-for-sale investments, share of other reserve of associates and share option reserve.

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The Company	Share Capital S\$m	Capital Reserve S\$m	Fair Value Reserve S\$m	Other Reserve S\$m	Accumulated Profits S\$m	Total S\$m
At 1 January 2013	1,991.4	63.7	12.2	-	3,326.3	5,393.6
<b>Profit for the period</b>	-	-	-	-	24.6	24.6
<u>Other comprehensive income</u>						
Changes in fair value of equity investments available for sale	-	-	2.2	-	-	2.2
<b>Other comprehensive income for the period, net of income tax</b>	-	-	2.2	-	-	2.2
<b>Total comprehensive income for the period</b>	-	-	2.2	-	24.6	26.8
<b>At 31 March 2013</b>	<b>1,991.4</b>	<b>63.7</b>	<b>14.4</b>	<b>-</b>	<b>3,350.9</b>	<b>5,420.4</b>
<b>Profit for the period</b>	-	-	-	-	1.5	1.5
<u>Other comprehensive income</u>						
Changes in fair value of equity investments available for sale	-	-	(2.0)	-	-	(2.0)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(2.0)	-	-	(2.0)
<b>Total comprehensive income for the period</b>	-	-	(2.0)	-	1.5	(0.5)
<b>Transaction with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Dividends paid to owners of the Company	-	-	-	-	(124.6)	(124.6)
<b>Total transactions with owners</b>	-	-	-	-	(124.6)	(124.6)
<b>At 30 June 2013</b>	<b>1,991.4</b>	<b>63.7</b>	<b>12.4</b>	<b>-</b>	<b>3,227.8</b>	<b>5,295.3</b>
At 1 January 2012	1,991.4	63.7	6.8	5.7	3,308.4	5,376.0
<b>Profit for the period</b>	-	-	-	-	21.9	21.9
<u>Other comprehensive income</u>						
Changes in fair value of equity investments available for sale	-	-	3.2	-	-	3.2
<b>Other comprehensive income for the period, net of income tax</b>	-	-	3.2	-	-	3.2
<b>Total comprehensive income for the period</b>	-	-	3.2	-	21.9	25.1
<b>Transaction with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Loan forgiveness by subsidiaries	-	-	-	20.0	-	20.0
<b>Total transactions with owners</b>	-	-	-	20.0	-	20.0
<b>At 31 March 2012</b>	<b>1,991.4</b>	<b>63.7</b>	<b>10.0</b>	<b>25.7</b>	<b>3,330.3</b>	<b>5,421.1</b>
<b>Profit for the period</b>	-	-	-	-	63.5	63.5
<u>Other comprehensive income</u>						
Changes in fair value of equity investments available for sale	-	-	(1.1)	-	-	(1.1)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(1.1)	-	-	(1.1)
<b>Total comprehensive income for the period</b>	-	-	(1.1)	-	63.5	62.4
<b>Transaction with owners, recorded directly in equity</b>						
<u>Contributions by and distributions to owners</u>						
Dividends paid to owners of the Company	-	-	-	-	(124.6)	(124.6)
Effects on liquidation of subsidiaries	-	-	-	(25.7)	-	(25.7)
<b>Total transactions with owners</b>	-	-	-	(25.7)	(124.6)	(150.3)
<b>At 30 June 2012</b>	<b>1,991.4</b>	<b>63.7</b>	<b>8.9</b>	<b>-</b>	<b>3,269.2</b>	<b>5,333.2</b>

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- 1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary share capital

There was no change in the Company's issued share capital during the three months ended 30 June 2013.

Preference share capital

There was no change in the Company's issued preference share capital during the three months ended 30 June 2013.

As at 30 June 2013, the maximum number of ordinary shares that may be issued upon full conversion of all of the non-redeemable convertible non-cumulative preference shares of the Company ("Preference Shares") at the sole option of the Company is 44,998,898 ordinary shares (30 June 2012: 44,998,898 ordinary shares).

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company did not hold any treasury shares as at 30 June 2013, 31 December 2012 and 30 June 2012.

The total number of issued ordinary shares as at 30 June 2013 and 31 December 2012 is 909,301,330.

The total number of issued Preference Shares as at 30 June 2013 and 31 December 2012 is 330,874,257.

- 1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2013.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2012.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the following relevant new standards, amendments to standards and interpretations that are effective for financial period beginning on 1 January 2013.

Amendments to FRS 1 *Presentation of items of Other Comprehensive income*  
 FRS 19 *Employee Benefits (revised 2011)*  
 FRS 113 *Fair Value Measurement*

Amendments to FRS 1 *Presentation of items of Other Comprehensive income* requires those items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met to be separated from those that would never be reclassified to profit and loss. This amendment only affects the presentation of the consolidated statement of comprehensive income in the financial statement.

Except for the Amendments to FRS 1 *Presentation of items of Other Comprehensive income*, the adoption of these FRSs did not result in any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Second quarter ended 30 June		Half year ended 30 June	
	2013	2012	2013	2012
Basic Earnings per share (cents)	21.7	14.4	36.8	31.7
Diluted Earnings per share (cents)	21.4	14.4	35.8	30.9
Earnings per share is calculated based on:				
a) Profit attributable to owners of the Company (S\$'000) (*)	197,373	131,288	335,020	288,039
b) Weighted average number of ordinary shares in issue:				
- basic	909,301,330	909,301,330	909,301,330	909,301,330
- diluted (**)	954,300,228	954,300,228	954,300,228	954,300,228

\* After deducting preference dividends of \$6,434,000 declared in Q2 2013 (Q2 2012: \$6,417,000).

\*\* For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect of potential ordinary shares arising from the conversion of all preference shares.

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7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares (excluding treasury shares) of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	The Group		The Company	
	30.06.2013 S\$	31.12.2012 S\$	30.06.2013 S\$	31.12.2012 S\$
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 30 June 2013 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2012)	8.30	8.03	5.82	5.93

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## Group Performance

The Group delivered strong earnings for the second quarter (Q2 2013) and half year ended 30 June 2013 (1H 2013), achieving an attributable profit after tax and non-controlling interests of \$203.8 million and \$341.5 million respectively. This represents an increase of 48.0% for Q2 2013 and 16.0% for 1H 2013 as compared to the corresponding periods last year.

The basic earnings per share rose by 50.7% for Q2 2013 to 21.7 cents (Q2 2012: 14.4 cents) and 16.1% for 1H 2013 to 36.8 cents (1H 2012: 31.7 cents).

The sterling performance was attributable to the significant increase in the contribution from rental properties segment. The contribution to the Group's pre-tax profit by this business segment was the highest amongst all segments for both Q2 2013 and 1H 2013, posting a leap of 471.4% and 243.9% respectively. This was largely due to the gain recognised from the disposal of 100G Pasir Panjang following its sale completion in Q2 2013, coupled with the profits accounted in Q1 2013 for the disposal of several strata units in Elite Industrial Building I, Elite Industrial Building II and Citimac Industrial Complex. These non-core assets which were previously not sold, were leased out and held by the Group for long-term investments. These disposals, which have enjoyed capital appreciation, were in line with the Group's strategy to unlock shareholder value. If the Group was to redevelop the Pasir Panjang property, besides carrying the market risks, it would have to go through the process of applying for approvals, design and construction, which would take time before it can realise gains. The Group would rather crystallise the profits at hand earlier.

The property development segment was the second highest contributor, contributing 22.6% in Q2 2013 and 33.3% in 1H 2013 to the Group's pre-tax profit. Though brisk sales were achieved for its recent mass-market residential projects, the locked-in profits could not be recognised as construction of these projects has yet to reach recognition stage.

Lower hotel earnings in Q2 2013 were also due to several factors. The subdued trading in Asia was affected by the economic and political challenges in some parts, while other cities, like Singapore was impacted by economic restructuring and an increase in hotel capacity on the island by about 7%. In addition, the on-going refurbishment programme also resulted in temporary loss of hotel rooms.

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As at 30 June 2013, the Group's balance sheet remained strong with cash and cash equivalents of \$2.5 billion. Without factoring fair value gains from investment properties, the Group's net gearing ratio remained healthy at 22.0%, and interest cover was at 15.0 times.

In view of the good performance of the Group, the Board is pleased to declare payment of a tax-exempt (one-tier) special interim ordinary dividend of 8.0 cents per ordinary share.

## Property

Based on advance estimates, the Singapore economy grew by 3.7% in Q2 2013 on a year-on-year basis (Q1 2013: 0.2%). On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew faster by 15.2% (Q1 2013: 1.8%), supported by robust growth in the manufacturing sector, construction sector and services producing industries.

Urban Redevelopment Authority (URA) statistics indicated that the overall prices of private residential properties increased moderately by 1.0% in Q2 2013 (Q1 2013: 0.6%). In 1H 2013, developers sold 9,950 completed and uncompleted private residential units, which accounts for about 45% of the total volume of 22,197 units sold in 2012. Private homes sales continued to remain high in Q2 2013 as they were powered by new launches, reflecting continued demand for new private homes.

In June 2013, the Group launched the 616-unit Jewel @ Buangkok. During its first weekend preview, a total of 203 units out of 280 released were snapped up by eager buyers who were drawn to the development's premium location of being situated just a 3-minute walk to Buangkok MRT station. This development is also surrounded with abundant amenities, an array of educational institutions, a comprehensive transport network and leisure options – offering unparalleled convenience. It features six 15 to 17-storey towers that house a selection of 1 to 5-bedroom apartments, dual-key units as well as penthouses. To date, over 86% of the 350 units released have been sold.

Other current residential projects continued to enjoy healthy take-up rate.

Launched in mid-March this year, D'Nest, a 912-unit joint venture condominium located at Pasir Ris Grove and within walking distance to Pasir Ris MRT station, is now over 91% sold. Another project, Bartley Ridge, a 868-unit joint venture development launched in end-March, has sold over 75% to date. This project is located at Bartley Road / Mount Vernon and within 2-minutes' walk to Bartley MRT station.

Echelon, a 508-unit joint venture project at Alexandra View is now 99% sold. Over 95% of H<sub>2</sub>O Residences, a 521-unit riverfront condominium at Sengkang has also been sold.

However, the Singapore Government introduced additional property cooling measures on 28 June 2013. The Total Debt Servicing Ratio (TDSR) framework for all property loans granted by financial institutions (FIs) to individuals was introduced by The Monetary Authority of Singapore (MAS). FIs will be required to take into consideration borrowers' other outstanding debt obligations when granting property loans. MAS also refined rules related to the application of the existing Loan-to-Value (LTV) limits on housing loans. This is the eighth round of cooling measures announced by the Government since 2009. The Government has indicated that the TDSR framework and refinements to the rules relating to the application of LTV limits are structural in nature, and will be in place for the long-term. They aim to encourage prudent borrowing by households and strengthen credit underwriting standards by FIs. These new measures have impacted buying interests as buyers and the bankers adopted a more cautious approach and transaction volumes have since slowed down.

For the quarter under review, profits were booked in from pre-sold projects such as Cube 8, 368 Thomson, Buckley Classique, H<sub>2</sub>O Residences and Hundred Trees, which obtained its Temporary Occupation Permit (TOP) in Q2 2013. Profits were also booked in from joint-venture projects such as The Palette, Tree House, Bartley Residences and Hedges Park. Contribution was also received from The Glyndebourne, which is being developed by the Group's 57% subsidiary, Millennium & Copthorne Hotels plc (M&C). The sale of 100F and 100G Pasir Panjang Road also contributed to the profit.



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However, no profit was recognised from the fully sold HAUS@SERANGOON GARDEN as well as substantially pre-sold projects such as Echelon, UP@Robertson Quay, Bartley Ridge and D'Nest, or Jewel @ Buangkok which was recently launched. These projects are either in early stages of construction or building works have not commenced yet. Notably, profits from the two fully sold Executive Condominiums (ECs) – Blossom Residences and The Rainforest, could not be recognised in accordance with prevailing accounting treatments required for ECs. With effect from 1 January 2011, the lock-in profits for ECs will only be booked in after the ECs are completed, unlike previously when it could be taken in progressively.

For 1H 2013, the Group, together with its joint venture associates, sold a total of 2,114 units with sales value of approximately \$2.25 billion (1H 2012: 1,299 units with sales value of \$1.25 billion).

The office supply remains stable as there were no major office completions as at Q2 2013. According to URA statistics, the net absorption for Q2 2013 was approximately 204,500 square feet (sq ft) as the amount of occupied space increased to 71.39 million sq ft in Q2 2013 (Q1 2013: 71.18 million sq ft). This positive take up in Q2 2013 led to a higher occupancy rate of 91.2% in Q2 2013 (Q1 2013: 90.8%).

Demand for office space held up in Q2 2013. Competitive occupational cost and a low interest rate environment has helped generate demand for office space. URA statistics showed that prices of office space increased slightly by 1.5% in Q2 2013, compared with an increase of 2.1% in the previous quarter. Rentals for office space rose marginally by 0.2% quarter-on-quarter in Q2 2013, after declining 0.2% in Q1 2013.

The Group's office portfolio continued to enjoy healthy occupancy of 96.2% (as at 30 June 2013) compared to national average of 91.2%.

## Hotel

For the quarter under review, M&C's revenue increased by 0.8% year-on-year to £199.9 million (Q2 2012: £198.4 million). Despite better trading performance in London and New York regions, its net profit after tax and non-controlling interests decreased by 17.7% to £33.1 million (Q2 2012: £40.2 million).

For the six months ended 30 June 2013, revenue decreased by 1.3% year-on-year to £369.1 million (1H 2012: £373.9 million) and its net profit after tax and non-controlling interests decreased 21.1% to £46.1 million for 1H 2013 (1H 2012: £58.4 million).

Both revenues and profits were affected by challenging conditions in some of its key markets. Trends in some parts of Asia remain subdued due to economic uncertainty, greater hotel capacity and increasing cost. In particular, the Millennium Seoul Hilton was affected by the reduction in Japanese visitors as a result of the geo-political tensions between Japan and South Korea over Dokdo Island. In Singapore, the continuing slowdown in corporate business travel and an increase in hotel capacity where new entrants undercut prices to get a slice of market share, placed cost pressures on the hospitality market. Singapore's hospitality sector also faces increasing cost pressure as a result of Government policies restricting the use of foreign labour.

Guestroom inventory was considerably reduced as a result of the planned partial closure for refurbishment of Grand Hyatt Taipei. In 1H 2013, M&C saw a net 181,000 room nights removed from its inventory. The refurbishment programme will reduce regional capacity and revenue in the short-term.

Global RevPAR was up 4.1% to £67.27 (1H 2012: £64.62) due to increases in both occupancy to 70.5% (1H 2012: 69.8%) and average room rate to £95.45 (1H 2012: £92.54).

M&C's financial position remained strong with net cash at 30 June 2013 of £43.9 million (31 December 2012: £52.2 million). At the end 1H 2012, gearing was 0.5%. At 30 June 2013, M&C had cash reserves of £397.9 million and £259.5 million undrawn committed bank facilities. Most of the facilities are unsecured with unencumbered assets representing 87.5% of M&C's fixed assets and investment properties.

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The £240.0 million refurbishment programme of investment in M&C's existing hotels, which is in addition to underlying run rate capital expenditure, is making progress with several initiatives under way and a number of others in the planning stage. Timing of investment remains dependent on planning and other consents. Since the programme commenced in 2011, £77.8 million of the £240.0 million had been spent up to 30 June 2013.

In Q2 2013, M&C completed renovation of the west wing of the Grand Hyatt Taipei, which reopened in June 2013. The next phase will be renovation of the 392-room east wing earmarked to commence in August 2013 and is scheduled for completion in mid-2014. Further investment is planned for the lobby and food and beverage outlets.

In the US, Millennium Minneapolis reopened in May 2013 after the completion of refurbishment, with positive comments from customers. M&C is planning a number of refurbishment projects, both back-of-house and client-facing, at other regional US hotels, including Millennium St Louis, Millennium Scottsdale Resort and Villas, Millennium Hotel Durham and Millennium Hotel Cincinnati. M&C considers such investment essential for the regional hotel portfolio to participate in any sustained upturn in US hospitality markets.

Discussions with Grosvenor Estates regarding the refurbishment programme for Millennium Hotel London Mayfair are ongoing. In addition, M&C is considering design concepts for the refurbishment of Millennium Hotel London Knightsbridge. The timing and cost of both these developments remain dependent on the outcome of negotiations and obtaining necessary planning consents.

On the new hotel development front, the construction of M&C's new hotel in Tokyo's Ginza district is proceeding according to plan. Design proposals for the facade have been approved and demolition work is expected to complete in August 2013 for construction to commence as scheduled.

M&C is currently developing detailed plans, in relation to the land purchased immediately adjacent to its Millennium Seoul Hilton Hotel. The site has tremendous potential which will provide M&C plenty of synergies and value to its operations in Seoul. It is looking to develop hospitality facilities on the site which will complement the hotel, following further studies with architects and other external consultants.

144 out of the 150 residential units at The Glyndebourne (the site of the former Copthorne Orchid Hotel) have been sold, with sales value of \$522.5 million. Sales proceeds collected to date total \$275.5 million, representing approximately 53% of the sales value. The CDL Group has been progressively recognising profit for this project based on stage of construction for the units sold. However, based on UK accounting standards, M&C's profits will only be booked in when construction of the entire development is completed, which is expected to be no later than 2014.

First Sponsor Capital Limited (FSCL), M&C's associate, was not affected directly by the April 2013 earthquake in Sichuan and continues to make good progress on its projects in China. The inauguration of the 196-room M Hotel Chengdu, part of the Cityspring project, was announced on 2 July 2013 and the hotel is scheduled to soft-open in Q3 2013. The hotel will be managed by M&C.

The development of FSCL's latest project, Millennium Waterfront in Chengdu is proceeding satisfactorily. Since 24 November 2012, 970 residential units out of 1,155 units launched have been sold either under option agreements or sale and purchase agreements, with approximately 67.2% of the sales proceeds collected. FSCL launched a further 55 commercial units for sale on 29 June 2013, of which 11 units have been sold either under option agreements or sale and purchase agreements. Further development and sales launches will be phased according to demand. It plans to commence construction of a Millennium-branded hotel with convention facilities at Millennium Waterfront in 2H 2013 which will be financed by cash flows from residential sales. Based on Singapore accounting standards, the Group's profits for overseas private residential developments will only be recognised upon completion.

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**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the first quarter ended 31 March 2013.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

## Property

The outlook for the global economy remains fairly cautious though advanced economies like the US has shown some signs of improvement, though not material enough. The prolonged recession in the Eurozone still faces fallout from its financial crisis, China economy is levelling off and a Japanese economic recovery remains uncertain. The Singapore Government cautioned that prospects for a modest recovery in Singapore over the rest of this year are accompanied by some downside risks and maintained a modest projected GDP growth of between 1.0% and 3.0%.

After the implementation of several rounds of property market cooling measures, the Government has recently noted that the property market is stabilising and becoming more sustainable as intended. It has said that the property cooling measures are meant to stabilise the prices of private properties, to pre-empt any bubble from forming and not to cause a collapse in the property market.

Investment sentiments particularly amongst foreign buyers in the high-end residential segment have not recovered due to the temporary punitive property cooling measures imposed which have significantly dampened market sentiments. Foreign buyers have instead diverted their attention to overseas markets like London, Paris and New York, which are buoyant.

However, the buying interests in mass market projects have remained healthy due to abundant liquidity in the market and low interest rates, but the latest round of cooling measures is making borrowing more difficult.

Developers share the Government's desire to have a sustainable property market and agree that the various cooling measures have been necessary so that homebuyers are not overly leveraged, which is in the best interest of all stakeholders. However, the industry also has its own set of challenges.

As the Group had indicated previously, the Qualifying Certificate (QC) policy imposed on developers with foreign ownership makes it difficult for them to buy land from private market, as they are subjected to numerous QC punitive restrictions. As a result, there is limited land stock-in-trade and these developers have no alternatives but to bid aggressively high for Government Land Sales (GLS) sites and take undue risks. This invariably leads to escalating land cost and lesser profit margins.

The recent high bidding for EC GLS sites is reflective of the limited land bank that developers have and the high liquidity in the market. The EC segment is the least affected by the cooling measures as it is specially catered to a select group of eligible genuine home buyers with pent-up demand.

The Group has been cautious in tendering for land as it is always mindful of the time lag between physical completion and projected demand. If the economy does not improve, it will lead to oversupply which cannot be easily resolved. Hence, the Group would rather err on caution than to take undue risks in its land replenishment strategy.

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Many homebuyers will perceive that with higher land tenders, property prices will inevitably be higher. The psychology of buyers far outweighs the fundamentals of supply and demand projections. In general, people want to buy low and sell high. However, the observation is that as property prices move upwards, more people want to buy. Conversely, as property prices start declining, people tend to be more fearful and cautious in entering the market. This “herd instinct” is perhaps the paramount factor to be taken into account.

The Group is confident that when the QC policy is reviewed, developers can then look towards both the GLS as well as private collective sale for land, which can help to alleviate the land stock-in-trade and help balance out the high bidding process to some extent.

In July 2013, the Group opened for E-application, a new 380-unit EC project known as Lush Acres. Located along Fernvale Close in Sengkang, it is just a short walk to Layar LRT station. Spread across an area of over 150,000 sq ft, Lush Acres will house four stylish towers of up to 25 storeys high, and offers a collection of contemporary 3 to 5-bedroom apartments, with suites and premium options for select units. Buyers of ECs are less affected by the cooling measures and response to the E-application, which closed on 21 July 2013, was very good with more than 3 times oversubscription. Booking of units by eligible homebuyers will commence on 17 August 2013.

The Group is also planning to launch a joint venture mixed-use residential cum commercial development, located at the junction of Upper Serangoon Road and MacPherson Road, and only 5-minutes’ walk to Potong Pasir MRT station. This project with easy access to major expressways is also only a short drive from bustling shopping malls such as City Square Mall and Nex. It will comprise 266 residential units of 1 to 4-bedroom apartments and penthouses, with 28 retail and F&B units on the ground floor. Surrounded by popular schools such as Cedar Primary and Cedar Girls’ Secondary Schools, St. Andrew’s Junior, Secondary and Junior College, Maris Stella High Primary and Secondary Schools, this well-located project will appeal to both investors and end-users.

Based on anecdotal evidence, demand for new office space at Grade A office buildings in the Raffles Place / New Downtown area were mainly from the financial and business services industries, which required single-floor space or less. Market reports indicated that rents of Grade A office space has increased for the first time in seven quarters, while office rents in other micro-markets stabilised in Q2 2013. Property consultants expect both Grade A and Grade B office rents to remain fairly stable.

The strata-titled office sales market continued to draw interests from investors and end-users in 1H 2013, supported by the continued low interest rate environment and investors’ search for alternative investment options after property cooling measures were implemented in the residential and industrial sectors. Besides investors, end-users are also buying for owner occupation.

There are increasing signs that the office market may be poised for recovery. The near-term outlook for the office sector remains positive as the Government continues to grow the country’s economic base as a global financial hub.

The construction for the iconic, joint venture South Beach development continues to make good progress. The Office Tower (North Tower) superstructure is targeted to be completed by end December 2013. Leasing activities for the Office Tower has commenced earlier this year and interest has been healthy so far. With Grade A office buildings rentals starting to move in an upward trend and with South Beach’s enviable location, the Group will not be in a rush to lease the Tower. The project remains on track to complete in 2015.

CDL China Limited, a wholly-owned subsidiary of the Group, has made much progress in 1H 2013 and all three projects continue to pick up momentum. The luxury residential development located at Eling Hill in Yuzhong District, Chongqing, has commenced excavation and this process will require several months due to the project’s iconic design and the difficulty involved in excavating at the peak of a majestic hill. For Huang Huayuan, its other project in the same district in Chongqing, the design continues to be developed in greater detail and several critical changes have been made to enhance the profitability of the project, including securing greater height for the three high-rise buildings earmarked for the site.

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In July, a significant groundbreaking ceremony was held for Hong Leong City Center (HLCC), CDL China's sizable mixed-use development next to Jinji Lake in Suzhou. This marks yet another important milestone for the project and HLCC continues to generate a lot of positive publicity, to the extent of even winning an award for being the most anticipated project in Suzhou in 2013.

In the previous quarter, the Group announced that approximately £250 million to £300 million would initially be allocated to establish its plans for property development in London. The Group is planning to invest selectively in the Central London real estate market and is currently evaluating several opportunities across the residential sectors. It has put together a highly experienced team that is scouting for opportunities. The investment will be made when the right opportunity avails through its London team and/or joint venture partners who have proven track record. It will study the opportunities carefully, in the best interest of the Group.

London remains a safe and highly attractive haven, conducive for property investments. Aided by London's economic recovery and its currency weakness, demand is fuelled by locals (UK nationals) and foreign investors from Russia, European countries, with an influx of buyers from Middle East, India, China and Asia who are also snapping up London luxury homes. Based on historical trends, even when the market softens, the impact on London's high-end properties in good locations is not as significant. Many local developers are keen to have a market share in London to capture the upswing. However, funding may be difficult for the smaller developers. The Group's strong balance sheet and financial stewardship works to its advantage.

## **Hotel**

For the first three weeks of trading in Q3 2013, global RevPAR was up 1.6% on a reported currency basis, compared to the same period last year.

Overall, trading is in line with M&C's management's expectations although M&C remains cautious on the outlook for hospitality markets. London faces a tough comparative Q3 mainly because of its success during last year's Olympics, while Singapore hotels are competing with an increasing supply of rooms offered by competitors, as well as higher labour costs. These challenging short-term trading conditions will not deflect M&C from pursuing its strategic objective to improve the competitive position of its hotels.

While M&C is mindful that the world economic and political environment remains uncertain, particularly in Asia, it has adopted appropriate trading strategies for the current market conditions. Its strong financial position will enable it to take these conditions in its stride, while continuing to invest in the fabric of the business.

## **Group Prospects**

The global economy remains fragile and unpredictable.

Domestically, with the latest round of property cooling measures which has been the most effective to date, the Group expects stronger headwinds in the second half of the year. Transaction volume for private residential sales is beginning to be more measured and prices in general, are expected to be moderated for the mass market segment, due to the tightening of bank borrowings.

One of the key concerns that the Group has often highlighted is the lag time between the sale of a unit and its physical completion of the property. Oversupply can only be a projection as the actuality will only be realised when there are housing units that are left empty for a long period of time after completion. This delicate balance is very difficult to achieve, but if not carefully assessed, can lead to adverse consequences. Unless the global and domestic economies rebound strongly and curbs on foreign buyers for private residential property sales are reviewed, the Group anticipates some oversupply in the residential market from next year onwards.

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Singapore is a key hub in the Asia Pacific region and traditionally viewed as a favourable place to invest in. The Group is heartened to note that the Government has indicated that its calibrated cooling measures are temporary, to achieve a sustainable property market and to prevent a bubble from forming. The Group is confident that as the market stabilises, the Government will review these measures progressively in the next few years and respond appropriately by removing some of these restrictions, as market conditions change.

Against this backdrop, the Group is fortunate that it has limited inventory of unsold units in the mass market, and will plan its launches of new developments for different segments of the market, by strategically pricing them appropriately, taking into consideration the market sentiments.

Hotel operations are also an established business segment and a significant contributor to the Group. While the global economy is taking a breather, the Group is taking this opportunity to refurbish some of its key assets with a view to reposition them, while also upgrading some of its properties, so that they may reap the benefits when the economy recovers.

The Group has already established various synergistic platforms to grow its business. In Singapore, it has earned a strong reputation in property development and an enviable portfolio of valuable investment properties. Regionally and globally, it has an established hotel operations and a hotel real estate investment trust (REIT) whose potential can be further exploited.

The Group will continue to focus on developing its existing overseas growth engines, which includes an ever-expanding China platform, with developments through CDL China and FSCL (M&C's associate) and also its latest real estate development arm in London. The Group also has plans to be more active in private equity opportunities which it entered into some years ago. The execution of some of these platforms in a material way will take time to develop. These engines, when in full swing, will enable the Group to achieve a balanced and diversified portfolio in Singapore and abroad.

The Group's strong balance sheet, diversified asset portfolio and growth platforms enable it to be well positioned to weather the headwinds that are anticipated. The Group expects to remain profitable for 2013.

## 11. Dividend

### **(a) Current Financial Period Reported On**

#### ***Any dividend declared for the current financial period reported on?***

Yes.

The Company had on 13 May 2013 declared a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares of 1.94 cents per Preference Share, calculated at the dividend rate of 3.9% per annum of the issue price of \$1.00 for each Preference Share, for the dividend period from 31 December 2012 to 30 June 2013. The said preference dividend was paid on 1 July 2013.

On 5 August 2013, the Board of Directors declared a tax-exempt (one-tier) special interim ordinary dividend of 8.0 cents per ordinary share.

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**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

Name of Dividend	Tax exempt (One-tier) Preference Dividend
Date of payment	2 July 2012
Dividend Type	Cash
Dividend Amount (in cents)	1.94 cents per Preference Share ^
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend period	From 31 December 2011 to 29 June 2012 (both dates inclusive)
Issue price	\$1.00 per Preference Share

^ Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of \$1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 365 days.

**(c) Date payable**

The payment date for tax-exempt (one-tier) special interim ordinary dividend will be paid on 5 September 2013.

**(d) Books Closure Date**

5pm on 15 August 2013.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13. Interested Person Transactions**

Interested Persons	Aggregate value of all interested person transactions conducted in second quarter ended 30 June under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. group of companies	<u>Property-related</u> Provision to/by interested persons of: \$6,493,999.73 (i) project management services; and (ii) cleaning services.  <b>Total: \$6,493,999.73</b>
Directors and their immediate family members	Nil

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## 14. Segment Reporting

### By Business Segments

	The Group			
	Second quarter ended		Half year ended	
	30 June		30 June	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Revenue</u></b>				
Property Development	303,236	293,338	618,222	687,585
Hotel Operations	391,897	394,147	733,189	748,290
Rental Properties	77,420	75,539	155,791	151,914
Others	29,057	24,743	57,893	46,711
	<b>801,610</b>	<b>787,767</b>	<b>1,565,095</b>	<b>1,634,500</b>
<b><u>Profit/(Loss) before income tax (*)</u></b>				
Property Development	61,645	109,169	152,913	197,190
Hotel Operations	54,769	70,501	80,939	110,806
Rental Properties	160,330	28,061	219,680	63,885
Others	(3,774)	(5,000)	5,909	46,470
	<b>272,970</b>	<b>202,731</b>	<b>459,441</b>	<b>418,351</b>

\* Includes share of after-tax profit of associates and jointly-controlled entities.



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15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

## Property Development

Revenue remained relatively constant at \$303.2 million (Q2 2012: \$293.3 million) for Q2 2013 but decreased by \$69.4 million to \$618.2 million (1H 2012: \$687.6 million) for 1H 2013.

Pre-tax profits decreased by \$47.6 million to \$61.6 million (Q2 2012: \$109.2 million) for Q2 2013 and by \$44.3 million to \$152.9 million (1H 2012: \$197.2 million) for 1H 2013.

Projects that contributed to both revenue and profit in 1H 2013 include Volari, NV Residences, 368 Thomson, Cube 8, Hundred Trees, Tree House, The Glyndebourn, H<sub>2</sub>O Residences, The Palette and Buckley Classique. In accordance with the Group's policy of equity accounting for the results of its jointly-controlled entities, whilst revenue from joint venture developments such as The Gale, Hedges Park and Bartley Residences has not been consolidated into the Group's total revenue, the Group's share of profits arising from these joint venture developments have been included in pre-tax profit.

The decrease in revenue for 1H 2013 was mainly attributable to the absence of revenue from sale of a warehouse at Tagore Avenue in Q1 2012, lower contribution from NV Residences following its completion in Q1 2013 and reduced contributions from Tree House and Volari. This was partially mitigated by increased contributions from 368 Thomson and Buckley Classique, maiden contributions from H<sub>2</sub>O Residences and The Palette with effect from Q3 2012 and Q1 2013 respectively as well as sale of an industrial site at 100F Pasir Panjang.

Despite revenue for Q2 2013 remaining fairly constant, its pre-tax profit decreased as Q2 2012 included profit recognition of Chengdu Cityspring residential project, held by the Group's associate, First Sponsor Capital Limited, as well as a release of accruals no longer required following the finalisation with main contractor in relation to City Square Residences. There were no such items in Q2 2013.

For 1H 2013, the decrease was in tandem with the decrease in revenue, coupled with the absence of the aforesaid items in Q2 2012.

## Hotel Operations

Notwithstanding the on-going refurbishment programme in Millennium & Copthorne Hotels plc which led to temporary closure of hotel rooms and subdued trading conditions, revenue for this segment remained relatively constant at \$391.9 million (Q2 2012: \$394.1 million) for Q2 2013 and \$733.2 million (1H 2012: \$748.3 million) for 1H 2013 due to the contribution from W Singapore Sentosa Cove Hotel which commenced operations in October 2012.

Pre-tax profits however decreased by \$15.7 million to \$54.8 million (Q2 2012: \$70.5 million) for Q2 2013 and \$29.9 million to \$80.9 million (1H 2012: \$110.8 million) for 1H 2013. The profit margins were affected by challenging conditions in some of the key markets, in particular the continuing slowdown in Singapore corporate business and the lower number of Japanese visitors in Seoul arising from the geopolitical tensions between Japan and South Korea over Dokdo Island. In Singapore, the hospitality sector also face increasing cost pressures as a result of government policies restricting the use of foreign labour.

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## Rental Properties

Revenue for this segment remained relatively constant at \$77.4 million (Q2 2012: \$75.5 million) for Q2 2013 and \$155.8 million (1H 2012: \$151.9 million) for 1H 2013.

Pre-tax profit, however, increased by \$132.2 million to \$160.3 million (Q2 2012: \$28.1 million) for Q2 2013 and \$155.8 million to \$219.7 million (1H 2012: \$63.9 million) for 1H 2013. The increases were due to profits recognised from sale of an industrial site at 100G Pasir Panjang, as well as disposal of equity interest in a subsidiary in Q2 2013. In addition, gains recognised on the disposal of several strata units in Citimac Industrial Complex, Elite Industrial Building I and Elite Industrial Building II in Q1 2013 also contributed to the increase for 1H 2013.

## Others

Revenue, comprising mainly management fee income from building maintenance contracts, project management, club operations as well as dividend income, increased by \$4.4 million to \$29.1 million (Q2 2012: \$24.7 million) for Q2 2013 and increased by \$11.2 million to \$57.9 million (1H 2012: \$46.7 million) for 1H 2013 due to higher management fee income.

This segment reported a lower pre-tax loss of \$3.8 million (Q2 2012: \$5.0 million) for Q2 2013. For 1H 2013, pre-tax profit decreased by \$40.6 million to \$5.9 million (1H 2012: \$46.5 million). The lower loss in Q2 2013 was due to decrease in professional fees incurred. The decrease in pre-tax profits for 1H 2013 was mainly attributable to lower gains recognised on realisation of investments in a private real estate fund.

## 16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Net Dividend

	<b>Full Year 2012 S\$'000</b>	<b>Full Year 2011 S\$'000</b>
Ordinary	72,744	72,744
Special	45,465	90,930
Preference	12,904	12,904
<b>Total</b>	<b>131,113</b>	<b>176,578</b>

The final tax-exempt (one-tier) ordinary dividend and special final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2012 of 8.0 cents and 5.0 cents respectively per ordinary share had been approved by the ordinary shareholders at the Annual General Meeting held on 24 April 2013 and the dividend amounts are based on the number of issued ordinary shares as at 2 May 2013.

## 17. **A breakdown of sales and operating profit after tax for first half year and second half year.**

Not applicable.

## **BY ORDER OF THE BOARD**

Shufen Loh @ Catherine Shufen Loh  
Company Secretary  
6 August 2013

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## **CONFIRMATION BY THE BOARD**

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the second quarter and the half year ended 30 June 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors

**Kwek Leng Beng**  
Executive Chairman

**Kwek Leng Joo**  
Managing Director

Singapore, 6 August 2013