



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

### 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 Second quarter ended 30 June			The Group Half year ended 30 June		
	2011	2010 (Restated) *	Incr/ (Decr)	2011	2010 (Restated) *	Incr/ (Decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	979,391	981,743	(0.2)	1,753,136	1,686,528	3.9
Cost of sales	(521,044)	(485,473)	7.3	(885,885)	(856,096)	3.5
<b>Gross profit</b>	<b>458,347</b>	<b>496,270</b>	<b>(7.6)</b>	<b>867,251</b>	<b>830,432</b>	<b>4.4</b>
Other operating income <sup>(2)</sup>	93,861	10,452	798.0	243,584	46,365	425.4
Administrative expenses <sup>(3)</sup>	(121,910)	(129,003)	(5.5)	(247,571)	(244,978)	1.1
Other operating expenses <sup>(4)</sup>	(96,127)	(89,123)	7.9	(196,239)	(191,710)	2.4
<b>Profit from operations</b>	<b>334,171</b>	<b>288,596</b>	<b>15.8</b>	<b>667,025</b>	<b>440,109</b>	<b>51.6</b>
Finance income <sup>(5)</sup>	6,274	6,162	1.8	13,762	21,139	(34.9)
Finance costs <sup>(6)</sup>	(19,592)	(19,864)	(1.4)	(41,203)	(36,528)	12.8
<b>Net finance costs</b>	<b>(13,318)</b>	<b>(13,702)</b>	<b>(2.8)</b>	<b>(27,441)</b>	<b>(15,389)</b>	<b>78.3</b>
Share of after-tax profit/(loss) of associates <sup>(7)</sup>	8,563	(1,879)	NM	12,681	3,912	224.2
Share of after-tax profit of jointly-controlled entities <sup>(8)</sup>	6,291	3,471	81.2	20,327	54,597	(62.8)
<b>Profit before income tax <sup>(1)</sup></b>	<b>335,707</b>	<b>276,486</b>	<b>21.4</b>	<b>672,592</b>	<b>483,229</b>	<b>39.2</b>
Income tax expense <sup>(9)</sup>	(63,849)	(84,663)	(24.6)	(101,789)	(115,638)	(12.0)
<b>Profit for the period</b>	<b>271,858</b>	<b>191,823</b>	<b>41.7</b>	<b>570,803</b>	<b>367,591</b>	<b>55.3</b>
<b>Attributable to:</b>						
<b>Owners of the Company</b>	<b>220,891</b>	<b>188,860</b>	<b>17.0</b>	<b>503,233</b>	<b>347,532</b>	<b>44.8</b>
Non-controlling interests	50,967	2,963	1,620.1	67,570	20,059	236.9
<b>Profit for the period</b>	<b>271,858</b>	<b>191,823</b>	<b>41.7</b>	<b>570,803</b>	<b>367,591</b>	<b>55.3</b>
<b>Earnings per share</b>						
- basic	23.6 cents	20.1 cents	17.4	54.6 cents	37.5 cents	45.6
- diluted	23.1 cents	19.8 cents	16.7	52.7 cents	36.4 cents	44.8

NM: Not Meaningful

\* The 2010 comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 – *Agreements for the Construction of Real Estate* as detailed in item 5 of this announcement.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## 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	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Interest income	6,162	6,591	13,259	14,699
Profit on sale of investments, investment properties and property, plant and equipment (net)	82,644	8,894	230,586	44,110
Gain on dilution/disposal of investment in an associate (net)	403	-	403	-
Gain on disposal/liquidation/dilution of investment in jointly-controlled entities	4,054	411	5,519	411
Loss on disposal/dilution of investment in subsidiaries (net)	(2,288)	-	(2,288)	-
Investment income	5,552	6,852	5,562	7,804
Depreciation and amortisation	(34,108)	(34,763)	(68,029)	(69,066)
Interest expenses	(16,190)	(14,122)	(31,423)	(28,646)
Net exchange (loss)/gain	(1,769)	912	(1,408)	1,772
Net change in fair value of financial assets at fair value through profit or loss:				
- held for trading	(82)	(8,941)	(3,313)	(4,114)
- designated as such upon initial recognition	-	4,575	145	6,096
Impairment loss on loans to a jointly-controlled entity	(244)	(454)	(484)	(758)

- (2) Other operating income, comprising mainly management fee, miscellaneous income and profit on sale of investments, investment properties and property, plant and equipment, surged to \$93.9 million (Q2 2010: \$10.5 million) for Q2 2011 and \$243.6 million (1H 2010: \$46.4 million) for 1H 2011. The increases were primarily due to gains recorded on the disposal of The Corporate Office and a strata unit in GB Building in Q1 2011 and The Corporate Building in Q2 2011. In addition, a gain of £17.4 million (approximately S\$35.4 million) recognised on the sale and leaseback of Studio M Hotel to CDL Hospitality Trusts (CDLHT) in Q2 2011 also contributed to the increase. Correspondingly in 2010, gains were recognised for the disposal of North Bridge Commercial Complex and The Office Chamber in Q1 2010 and Q2 2010 respectively.
- (3) Administrative expenses comprise mainly depreciation, hotel administrative expenses, operating lease expenses, and salaries and related expenses. This had decreased by \$7.1 million for Q2 2011 but remained relatively constant for 1H 2011. The decrease in Q2 2011 was primarily due to lower salaries and related expenses incurred.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences and professional fees, increased by \$7.0 million and \$4.5 million for Q2 2011 and 1H 2011 respectively. The increases for both Q2 2011 and 1H 2011 were due to net exchange losses recognized in 2011 vis-à-vis net exchange gains in 2010, as well as loss on divestment of interest in a wholly-owned subsidiary to a jointly-controlled entity.
- (5) Finance income comprise mainly interest income, fair value gains on financial assets held for trading and fair value gains on financial assets designated at fair value upon initial recognition. Finance income remained relatively constant for Q2 2011 but decreased by \$7.4 million for 1H 2011. The decrease in 1H 2011 was due to lower fair value gains recognised on financial assets held for trading and reduction in interest income earned from loans provided to jointly-controlled entities and convertibles notes issued by a jointly-controlled entity.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

- (6) Finance costs comprise primarily interest on borrowings, fair value loss on financial assets held for trading and amortisation of capitalised transaction costs on borrowings. Finance costs remained relatively constant at \$19.6 million (Q2 2010: \$19.9 million) for Q2 2011 as the lower fair value loss on financial assets held for trading accounted had been substantially offset by the higher interest expenses. For 1H 2011, the finance costs increased by \$4.7 million as a result of higher interest expenses incurred partially offset by lower fair value loss recognised on financial assets held for trading. The increase in interest expenses was due to consolidation of bank borrowings of Beijing Fortune Co., Ltd which became a subsidiary of the Group in November 2010, partially offset by repayment of borrowings.
- (7) Share of after-tax profit/(loss) of associates relates to the Group's share of results of CDLHT and First Sponsor Capital Limited (FSCL) which are held via M&C. The increases were mainly due to increased contribution from CDLHT and share of gains in 2011 vis-à-vis share of losses in 2010 pertaining to FSCL. The share of losses of FSCL in Q2 2010 was due to provision for debtors and the write-off of fees and monies believed to have been misappropriated by one of the FSCL's joint venture partners in one of FSCL's subsidiaries.
- (8) For Q2 2011, share of after-tax profit of jointly-controlled entities increased by \$2.8 million to \$6.3 million (Q2 2010: \$3.5 million). This was due mainly to the share of negative goodwill recognised by Scottsdale Properties Pte. Ltd., in which the Group had a 50.1% interest, from its acquisition of a wholly-owned subsidiary, Allventure Limited, from the Group. For 1H 2011, share of after-tax profit of jointly-controlled entities decreased by \$34.3 million to \$20.3 million (1H 2010: \$54.6 million) mainly due to the adoption of INT FRS 115 which resulted in retrospective adjustment to the profit contribution from The Oceanfront @ Sentosa Cove pertaining to units sold under deferred payment scheme. Profit recognition for such units was recognised entirety in Q1 2010 as The Oceanfront @ Sentosa Cove had obtained Temporary Occupation Permit in that quarter.
- (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	
	2011	2010 (Restated)	2011	2010 (Restated)
The tax charge relates to the following:	\$S'm	\$S'm	\$S'm	\$S'm
Profit for the period	65.3	57.6	110.3	88.5
(Over)/Underprovision in respect of prior periods	(1.5)	27.1	(8.5)	27.1
	<u>63.8</u>	<u>84.7</u>	<u>101.8</u>	<u>115.6</u>

The overall effective tax rate of the Group was 19.0% (Q2 2010: 30.6%) for Q2 2011 and 15.1% (1H 2010: 23.9%) for 1H 2011. The \$27.1 million underprovision of tax for Q2 2010 and 1H 2010 primarily attributed to the impact on a change in tax legislation in New Zealand, which had removed the ability to depreciate buildings for tax purposes, resulting in an increased deferred tax liability on the Group's hotel operations located there. Excluding the (over)/underprovision in respect of prior periods, the effective tax rate for the Group is 19.5% (Q2 2010: 20.8%) for Q2 2011 and 16.4% (1H 2010: 18.3%) for 1H 2011.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## 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 30.06.2011 S\$'000	As at 31.12.2010 (Restated) S\$'000	As at 31.12.2009 (Restated) S\$'000	As at 30.06.2011 S\$'000	As at 31.12.2010 (Restated) S\$'000	As at 31.12.2009 (Restated) S\$'000
<b>Non-current assets</b>							
Property, plant and equipment		3,232,418	3,410,448	3,616,768	7,967	8,695	8,010
Investment properties		2,750,363	2,784,907	3,063,766	526,223	530,908	540,212
Lease premium prepayment		85,313	88,079	-	-	-	-
Investments in subsidiaries		-	-	-	2,262,306	2,262,806	2,259,199
Investments in associates		367,573	398,367	345,725	-	-	-
Investments in jointly-controlled entities	(1)	687,381	537,110	637,826	36,360	36,360	36,360
Investments in financial assets	(2)	154,150	379,900	393,660	30,066	32,353	33,543
Other non-current assets	(3)	240,813	172,465	121,243	218,362	415,871	638,260
		<b>7,518,011</b>	<b>7,771,276</b>	<b>8,178,988</b>	<b>3,081,284</b>	<b>3,286,993</b>	<b>3,515,584</b>
<b>Current assets</b>							
Development properties		3,172,609	3,311,162	3,121,489	866,799	1,138,727	1,109,807
Lease premium prepayment		2,459	2,493	-	-	-	-
Consumable stocks		8,757	9,552	10,143	92	77	-
Financial assets		31,735	35,885	32,671	-	-	-
Assets classified as held for sale	(4)	-	81,972	14,782	-	-	-
Trade and other receivables		1,278,754	876,592	757,820	4,056,097	3,574,406	2,592,156
Cash and cash equivalents		2,440,784	1,873,826	981,486	1,440,640	981,090	407,571
		<b>6,935,098</b>	<b>6,191,482</b>	<b>4,918,391</b>	<b>6,363,628</b>	<b>5,694,300</b>	<b>4,109,534</b>
<b>Total assets</b>		<b>14,453,109</b>	<b>13,962,758</b>	<b>13,097,379</b>	<b>9,444,912</b>	<b>8,981,293</b>	<b>7,625,118</b>
<b>Equity attributable to Owners of the Company</b>							
Share capital		1,991,397	1,991,397	1,991,397	1,991,397	1,991,397	1,991,397
Reserves		4,535,833	4,271,113	3,812,310	3,411,399	2,841,573	2,583,019
		6,527,230	6,262,510	5,803,707	5,402,796	4,832,970	4,574,416
<b>Non-controlling interests</b>							
		1,714,636	1,717,749	1,691,707	-	-	-
<b>Total equity</b>		<b>8,241,866</b>	<b>7,980,259</b>	<b>7,495,414</b>	<b>5,402,796</b>	<b>4,832,970</b>	<b>4,574,416</b>
<b>Non-current liabilities</b>							
Interest-bearing borrowings*		3,167,671	3,425,299	3,197,816	1,711,834	2,270,778	1,753,286
Employee benefits		33,296	33,201	40,682	-	-	-
Other liabilities		84,982	76,880	89,301	125,348	171,203	92,542
Provisions		3,340	4,249	1,818	-	-	-
Deferred tax liabilities		392,684	423,081	407,542	63,902	89,968	73,607
		<b>3,681,973</b>	<b>3,962,710</b>	<b>3,737,159</b>	<b>1,901,084</b>	<b>2,531,949</b>	<b>1,919,435</b>
<b>Current liabilities</b>							
Trade and other payables		1,112,678	943,850	795,599	1,228,535	1,241,212	777,938
Interest-bearing borrowings*		1,074,345	780,002	818,312	775,466	277,404	244,962
Employee benefits		15,610	14,895	15,383	2,343	2,097	2,067
Other liabilities		92	135	75	-	-	-
Provision for taxation		313,575	264,357	230,528	134,688	95,661	106,300
Provisions		12,970	14,895	4,335	-	-	-
Liabilities classified as held for sale	(4)	-	1,655	574	-	-	-
		<b>2,529,270</b>	<b>2,019,789</b>	<b>1,864,806</b>	<b>2,141,032</b>	<b>1,616,374</b>	<b>1,131,267</b>
<b>Total liabilities</b>		<b>6,211,243</b>	<b>5,982,499</b>	<b>5,601,965</b>	<b>4,042,116</b>	<b>4,148,323</b>	<b>3,050,702</b>
<b>Total equity and liabilities</b>		<b>14,453,109</b>	<b>13,962,758</b>	<b>13,097,379</b>	<b>9,444,912</b>	<b>8,981,293</b>	<b>7,625,118</b>

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

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

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

- 1) The increase was due to subscription of shares issued by Scottsdale Properties Pte. Ltd. (Scottsdale). Scottsdale was previously a wholly-owned subsidiary of the Group. Following joint venture between the Group and IOI Corporation Berhad, the Group's interest in Scottsdale was diluted to 50.1% and it became a jointly-controlled entity of the Group.
- 2) The decrease was due to de-consolidation of Allventure Limited (Allventure), following the disposal of this company to Scottsdale in Q2 2011. Allventure holds part of the convertible notes issued by South Beach Consortium Pte. Ltd.
- 3) The increase was mainly due to loans granted to a jointly-controlled entity and an associate. This is partially offset by the de-consolidation of Allventure following the disposal of this company to Scottsdale.
- 4) The decrease in assets and liabilities classified as held for sale was due to the completion of the sale of The Corporate Office, a strata unit in GB Building, The Corporate Building as well as the sale and leaseback of Studio M Hotel to CDL Hospitality Trusts in 1H 2011.
- 5) 2010 and 2009 comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 – *Agreements for the Construction of Real Estate* as detailed in item 5 of this announcement.

### 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 30.06.2011 S\$'000	As at 31.12.2010 S\$'000	
<b><u>Unsecured</u></b>			
-repayable within one year	901,769	423,414	
-repayable after one year	2,224,640	2,744,867	
(a)	<u>3,126,409</u>	<u>3,168,281</u>	
<b><u>Secured</u></b>			
-repayable within one year	173,271	356,851	
-repayable after one year	957,685	694,797	
(b)	<u>1,130,956</u>	<u>1,051,648</u>	
Gross borrowings	(a)+(b)	4,257,365	4,219,929
Less: cash and cash equivalents		(2,440,784)	(1,873,826)
Net borrowings		<u>1,816,581</u>	<u>2,346,103</u>

### Details of any collateral

Where secured, borrowings are collateralised by:

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

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

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	
	2011 S\$'000	2010 (Restated) S\$'000	2011 S\$'000	2010 (Restated) S\$'000
<b>Operating Activities</b>				
Profit for the period	271,858	191,823	570,803	367,591
<b>Adjustments for:</b>				
Depreciation and amortisation	34,108	34,763	68,029	69,066
Dividend income	(5,552)	(6,852)	(5,562)	(7,804)
Equity settled share-based transactions	(428)	1,253	695	2,570
Finance income	(6,274)	(6,162)	(13,762)	(21,139)
Finance costs	19,592	19,864	41,203	36,528
Gain on disposal/dilution of investment in an associate (net)	(403)	-	(403)	-
Gain on disposal/liquidation/dilution of investment in jointly-controlled entities	(4,054)	(411)	(5,519)	(411)
Loss on disposal/dilution of subsidiaries (net)	2,288	-	2,288	-
Impairment loss on loan to a jointly-controlled entity	244	454	484	758
Income tax expense	63,849	84,663	101,789	115,638
Profit on sale of property, plant and equipment and investment properties	(82,644)	(8,896)	(230,462)	(43,819)
Loss/(profit) on sale of investments	-	2	(124)	(291)
Property, plant and equipment and investment properties written off	6	28	29	462
Share of after-tax loss/(profit) of associates	(8,563)	1,879	(12,681)	(3,912)
Share of after-tax profit of jointly-controlled entities	(6,291)	(3,471)	(20,327)	(54,597)
Units in an associate received and receivable in lieu of fee income	(3,811)	(2,023)	(5,925)	(3,840)
Operating profit before working capital changes	273,925	306,914	490,555	456,800
<b>Changes in working capital</b>				
Development properties	245,056	18,568	220,187	(42,980)
Stocks, trade and other receivables	(28,390)	(118,264)	(251,682)	(143,876)
Trade and other payables	72,460	85,093	165,114	143,060
Employee benefits	378	(1,958)	850	(2,617)
Cash generated from operations	563,429	290,353	625,024	410,387
Income tax paid	(54,266)	(46,933)	(68,377)	(67,454)
<b>Cash flows from operating activities carried forward</b>	<b>509,163</b>	<b>243,420</b>	<b>556,647</b>	<b>342,933</b>

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

	Second quarter ended 30 June		Half year ended 30 June	
	2011 S\$'000	2010 (Restated) S\$'000	2011 S\$'000	2010 (Restated) S\$'000
<b>Cash flows from operating activities brought forward</b>	<b>509,163</b>	<b>243,420</b>	<b>556,647</b>	<b>342,933</b>
<b>Investing Activities</b>				
Capital expenditure on investment properties	(7,211)	(4,319)	(9,611)	(31,774)
Dividends received:				
- an associate	-	-	17,812	15,602
- jointly-controlled entities	40	29,020	3,259	29,020
- financial investments	5,552	1,058	5,562	1,907
Disposal of subsidiaries (net of cash acquired) <sup>(1)</sup>	264,423	-	264,423	-
Increase in intangibles assets	(261)	-	(261)	-
Interest received	2,799	2,401	5,342	3,900
Proceeds from disposal of a jointly-controlled entity	-	411	1,465	411
Payments for purchase of property, plant and equipment <sup>(2)</sup>	(109,746)	(28,525)	(131,519)	(44,894)
Proceeds from sale of property, plant and equipment and investment properties <sup>(3)</sup>	207,533	13,249	430,456	58,738
Decrease/(increase) in investments in associates	1,548	(7,433)	1,548	(7,433)
Purchase of investments in jointly-controlled entities <sup>(4)</sup>	(265,300)	-	(269,142)	-
Disposal/(purchase) of financial assets	25,578	9,604	4,366	(3,795)
<b>Cash flows from investing activities</b>	<b>124,955</b>	<b>15,466</b>	<b>323,700</b>	<b>21,682</b>
<b>Financing Activities</b>				
Advances to related parties	(138,448)	(8,512)	(140,439)	(7,079)
Capital contribution by non-controlling interests	221	64	1,625	163
Dividends paid	(183,189)	(81,684)	(184,519)	(88,530)
(Repayment of)/Increase in finance lease	(1)	(2)	3	(4)
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(23,017)	(22,289)	(45,561)	(40,957)
Net proceeds from/(repayments of) revolving credit facilities and short-term bank borrowings	82,448	33,179	381,655	(11,329)
Payment of financing transaction costs	(926)	(1,065)	(3,961)	(3,125)
Proceeds from bank borrowings	-	154,039	-	176,433
Proceeds from issuance of bonds and notes	-	296,447	55,000	520,640
(Repayment of)/increase in other long-term liabilities	(90)	(91)	(189)	1,065
Repayment of bank borrowings	(92,766)	(50,331)	(150,547)	(179,316)
Repayment of bonds and notes	(116,675)	(161,988)	(216,675)	(345,836)
<b>Cash flows (used in)/from financing activities<sup>(5)</sup></b>	<b>(472,443)</b>	<b>157,767</b>	<b>(303,608)</b>	<b>22,125</b>
<b>Net increase in cash and cash equivalents carried forward</b>	<b>161,675</b>	<b>416,653</b>	<b>576,739</b>	<b>386,740</b>

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

	Second quarter ended 30 June		Half year ended 30 June	
	2011	2010 (Restated)	2011	2010 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Net increase in cash and cash equivalents brought forward</b>	<b>161,675</b>	<b>416,653</b>	<b>576,739</b>	<b>386,740</b>
Cash and cash equivalents at beginning of the period	2,283,308	945,644	1,872,974	980,134
Effect of exchange rate changes on balances held in foreign currencies	(4,868)	(7,889)	(9,598)	(12,466)
<b>Cash and cash equivalents at end of the period</b>	<b>2,440,115</b>	<b>1,354,408</b>	<b>2,440,115</b>	<b>1,354,408</b>
<b>Cash and cash equivalents comprise:-</b>				
Cash and cash equivalents as shown in the Balance Sheet	2,440,784	1,355,478	2,440,784	1,355,478
Less: Bank overdrafts	(669)	(1,070)	(669)	(1,070)
	<b>2,440,115</b>	<b>1,354,408</b>	<b>2,440,115</b>	<b>1,354,408</b>

## Notes to consolidated statement of cash flows

- (1) This relates mainly to proceeds received from sale of a wholly-owned subsidiary, Allventure Limited (Allventure), which held the convertible notes issued by South Beach Consortium Pte. Ltd. (SBCPL), to a jointly-controlled entity, Scottsdale Properties Pte. Ltd. (Scottsdale).
- (2) This relates primarily to payment made to purchase a land site at Robertson Quay, construction of hotel component at Quayside Collection site and refurbishment work at Millennium Seoul Hilton.
- (3) This relates to proceeds from sale of The Corporate Office and a strata unit in GB Building in Q1 2011 as well as proceeds from sale of The Corporate Building and Studio M Hotel in Q2 2011.
- (4) This relates mainly to the subscription of additional shares issued by Scottsdale so as to fund the acquisition of the remaining 66.66% interest in SBCPL and the purchase of Allventure.
- (5) The Group had a net cash outflow from financing activities of \$472.4 million (Q2 2010: net cash inflow of \$157.8 million) for Q2 2011 and \$303.6million (1H 2010: net cash inflow of \$22.1 million) for 1H 2011. These were mainly due to advances given to First Sponsor Capital Limited and South Beach Consortium Pte. Ltd. and net repayment of borrowings in 2011 as opposed to net proceeds from borrowing in 2010. In addition, there was a special final ordinary dividend of 10 cents per ordinary share paid in May 2011 for the financial year ended 31 December 2010.



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## 1(d) Consolidated Statement of Comprehensive Income

	Second quarter ended 30 June		Half year ended 30 June	
	2011 S\$'000	2010 (Restated) S\$'000	2011 S\$'000	2010 (Restated) S\$'000
<b>Profit for the period</b>	271,858	191,823	570,803	367,591
Other comprehensive income:				
Actuarial losses on defined benefit plans	-	(2,313)	-	(2,313)
Change in fair value of equity investments available for sale	(5,225)	(959)	(4,461)	(2,319)
Exchange differences on hedge of net investment in foreign entities	(278)	(15,616)	7,162	(51,102)
Exchange differences on monetary items forming part of net investments in foreign entities	(6,018)	(7,740)	(12,135)	(4,608)
Effective portion of changes in fair value of cashflow hedges	(126)	(469)	871	(747)
Share of other reserve movement of an associate	(8,214)	-	(8,389)	-
Share of other reserve movement of a jointly-controlled entity	13	-	13	-
Translation differences arising on consolidation of foreign entities	(67,708)	(50,027)	(107,987)	(34,133)
<b>Other comprehensive income for the period, net of income tax</b>	<b>(87,556)</b>	<b>(77,124)</b>	<b>(124,926)</b>	<b>(95,222)</b>
<b>Total comprehensive income for the period</b>	<b>184,302</b>	<b>114,699</b>	<b>445,877</b>	<b>272,369</b>
<b>Attributable to:</b>				
<b>Owners of the Company</b>	<b>164,978</b>	<b>166,289</b>	<b>435,529</b>	<b>317,464</b>
Non-controlling interests	19,324	(51,590)	10,348	(45,095)
<b>Total comprehensive income for the period</b>	<b>184,302</b>	<b>114,699</b>	<b>445,877</b>	<b>272,369</b>

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

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 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	Non-controlling Interests S\$m	
At 1 January 2011, as previously reported	1,991.4	148.1	23.9	(322.4)	4,555.3	6,396.3	1,717.7	8,114.0
Effect of adopting INT FRS 115	-	-	-	-	(133.8)	(133.8)	-	(133.8)
<b>At 1 January 2011, restated</b>	<b>1,991.4</b>	<b>148.1</b>	<b>23.9</b>	<b>(322.4)</b>	<b>4,421.5</b>	<b>6,262.5</b>	<b>1,717.7</b>	<b>7,980.2</b>
<b>Profit for the period</b>	-	-	-	-	282.3	282.3	16.6	298.9
<u>Other comprehensive income</u>								
Change in fair value of equity investments available for sale	-	-	0.8	-	-	0.8	-	0.8
Effective portion of changes in fair value of cash flow hedges	-	-	0.5	-	-	0.5	0.5	1.0
Exchange differences on hedges of net investment in foreign entities	-	-	-	4.0	-	4.0	3.5	7.5
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(6.4)	-	(6.4)	0.3	(6.1)
Share of other reserve movement of an associate	-	-	(0.1)	-	-	(0.1)	(0.1)	(0.2)
Translation differences arising on consolidation of foreign entities	-	-	-	(10.5)	-	(10.5)	(29.8)	(40.3)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	1.2	(12.9)	-	(11.7)	(25.6)	(37.3)
<b>Total comprehensive income for the period</b>	-	-	1.2	(12.9)	282.3	270.6	(9.0)	261.6
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	1.4	1.4
Share-based payment transactions	-	-	0.6	-	-	0.6	0.5	1.1
Dividends	-	-	-	-	-	-	(1.3)	(1.3)
At 31 March 2011	1,991.4	148.1	25.7	(335.3)	4,703.8	6,533.7	1,709.3	8,243.0
<b>Profit for the period</b>	-	-	-	-	220.9	220.9	51.0	271.9
<u>Other comprehensive income</u>								
Change in fair value of equity investments available for sale	-	-	(5.2)	-	-	(5.2)	-	(5.2)
Effective portion of changes in fair value of cash flow hedges	-	-	(0.1)	-	-	(0.1)	(0.2)	(0.3)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(5.2)	-	(5.2)	(0.8)	(6.0)
Share of other reserve movement of an associate	-	-	(3.5)	-	-	(3.5)	(4.7)	(8.2)
Translation differences arising on consolidation of foreign entities	-	-	-	(41.8)	-	(41.8)	(26.0)	(67.8)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(8.8)	(47.1)	-	(55.9)	(31.7)	(87.6)
<b>Total comprehensive income for the period</b>	-	-	(8.8)	(47.1)	220.9	165.0	19.3	184.3
<b>Transactions with owners, recorded directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	0.3	0.3
Share-based payment transactions	-	-	(1.3)	-	-	(1.3)	(1.2)	(2.5)
Dividends	-	-	-	-	(170.1)	(170.1)	(13.1)	(183.2)
At 30 June 2011	1,991.4	148.1	15.6	(382.4)	4,754.6	6,527.3	1,714.6	8,241.9

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

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The Group	← Attributable to owners of the Company →							
	Share Capital S\$m	Cap. Res. S\$m	Other Res.* S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m	Total S\$m	Non-controlling Interests S\$m	Total Equity S\$m
At 1 January 2010, as previously reported	1,991.4	147.6	25.3	(83.0)	3,891.2	5,972.5	1,691.7	7,664.2
Effect of adopting INT FRS 115	-	-	-	-	(168.8)	(168.8)	-	(168.8)
<b>At 1 January 2010, restated</b>	<b>1,991.4</b>	<b>147.6</b>	<b>25.3</b>	<b>(83.0)</b>	<b>3,722.4</b>	<b>5,803.7</b>	<b>1,691.7</b>	<b>7,495.4</b>
<b>Profit for the period, restated</b>	-	-	-	-	158.7	158.7	17.1	175.8
<u>Other comprehensive income</u>								
Change in fair value of equity investments available for sale	-	-	(1.4)	-	-	(1.4)	-	(1.4)
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	-	-	-	(19.0)	-	(19.0)	(16.5)	(35.5)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	2.0	-	2.0	1.1	3.1
Translation differences arising on consolidation of foreign entities	-	-	-	11.0	-	11.0	4.9	15.9
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(1.5)	(6.0)	-	(7.5)	(10.6)	(18.1)
<b>Total comprehensive income for the period</b>	-	-	(1.5)	(6.0)	158.7	151.2	6.5	157.7
<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	-	-	-	-	-	-	(6.8)	(6.8)
At 31 March 2010	1,991.4	147.6	24.5	(89.0)	3,881.1	5,955.6	1,692.1	7,647.7
<b>Profit for the period, restated</b>	-	-	-	-	188.8	188.8	3.0	191.8
<u>Other comprehensive income</u>								
Actuarial losses on defined benefit plans	-	-	-	-	(1.2)	(1.2)	(1.1)	(2.3)
Change in fair value of equity investments available for sale	-	-	(0.9)	-	-	(0.9)	-	(0.9)
Effective portion of changes in fair value of cash flow hedges	-	-	(0.3)	-	-	(0.3)	(0.2)	(0.5)
Exchange differences on hedges of net investment in foreign entities	-	-	-	(8.3)	-	(8.3)	(7.3)	(15.6)
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	(5.4)	-	(5.4)	(2.3)	(7.7)
Translation differences arising on consolidation of foreign entities	-	-	-	(6.4)	-	(6.4)	(43.7)	(50.1)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(1.2)	(20.1)	(1.2)	(22.5)	(54.6)	(77.1)
<b>Total comprehensive income for the period</b>	-	-	(1.2)	(20.1)	187.6	166.3	(51.6)	114.7
<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	0.5	1.2
Dividends	-	-	-	-	(79.2)	(79.2)	(2.5)	(81.7)
At 30 June 2010	1,991.4	147.6	24.0	(109.1)	3,989.5	6,043.4	1,638.6	7,682.0

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

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

The Company	Share Capital S\$m	Capital Reserve S\$m	Fair Value Reserve S\$m	Accumulated Profits S\$m	Total S\$m
At 1 January 2011, as previously reported	1,991.4	63.7	13.9	2,826.5	4,895.5
Effect of adopting INT FRS 115	-	-	-	(62.6)	(62.6)
<b>At 1 January 2011, restated</b>	<b>1,991.4</b>	<b>63.7</b>	<b>13.9</b>	<b>2,763.9</b>	<b>4,832.9</b>
<b>Profit for the period</b>	-	-	-	656.7	656.7
<u>Other comprehensive income</u>					
Change in fair value of equity investments available for sale	-	-	(0.9)	-	(0.9)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(0.9)	-	(0.9)
<b>Total comprehensive income for the period</b>	-	-	(0.9)	656.7	655.8
At 31 March 2011	1,991.4	63.7	13.0	3,420.6	5,488.7
<b>Profit for the period</b>	-	-	-	85.1	85.1
<u>Other comprehensive income</u>					
Change in fair value of equity investments available for sale	-	-	(0.9)	-	(0.9)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(0.9)	-	(0.9)
<b>Total comprehensive income for the period</b>	-	-	(0.9)	85.1	84.2
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Dividends	-	-	-	(170.1)	(170.1)
At 30 June 2011	1,991.4	63.7	12.1	3,335.6	5,402.8
At 1 January 2010, as previously reported	1,991.4	63.7	14.9	2,543.4	4,613.4
Effect of adopting INT FRS 115	-	-	-	(39.0)	(39.0)
<b>At 1 January 2010, restated</b>	<b>1,991.4</b>	<b>63.7</b>	<b>14.9</b>	<b>2,504.4</b>	<b>4,574.4</b>
<b>Profit for the period, restated</b>	-	-	-	53.9	53.9
<u>Other comprehensive income</u>					
Change in fair value of equity investments available for sale	-	-	(0.9)	-	(0.9)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(0.9)	-	(0.9)
<b>Total comprehensive income for the period</b>	-	-	(0.9)	53.9	53.0
At 31 March 2010	1,991.4	63.7	14.0	2,558.3	4,627.4
<b>Profit for the period, restated</b>	-	-	-	85.2	85.2
<u>Other comprehensive income</u>					
Change in fair value of equity investments available for sale	-	-	(0.4)	-	(0.4)
<b>Other comprehensive income for the period, net of income tax</b>	-	-	(0.4)	-	(0.4)
<b>Total comprehensive income for the period</b>	-	-	(0.4)	85.2	84.8
<b>Transactions with owners, recorded directly in equity</b>					
<u>Contributions by and distributions to owners</u>					
Dividends	-	-	-	(79.2)	(79.2)
At 30 June 2010	1,991.4	63.7	13.6	2,564.3	4,633.0

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

**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 2011.

Preference share capital

There was no change in the Company's issued preference share capital during the three months ended 30 June 2011.

As at 30 June 2011, 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 2010: 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 2011 and 31 December 2010.

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2011 and 31 December 2010 is 909,301,330.

The total number of issued Preference Shares as at 30 June 2011 and 31 December 2010 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 2011.

**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.

**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 2010.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

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 various new/revised Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRS) which took effect for financial year beginning on 1 January 2011. The adoption of these new/revised FRS and INT FRS did not result in any significant impact on the financial statements of the Group, except for INT FRS 115 - *Agreements for the Construction of Real Estate* that was issued with an Accompanying Note that considers the application of the interpretation for uncompleted residential projects under Singapore legal framework.

INT FRS 115 clarifies when revenue and related expenses from a sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. INT FRS 115 determines that contracts which are not classified as construction contracts in accordance with FRS 11 can only be accounted for under the percentage of completion (POC) method if the entity continuously transfers to the buyer control and the significant risks and rewards of the work in progress in its current state as construction progresses.

Before 1 January 2011, the Group's accounting policy for its property development projects was to recognise revenue using POC method which is an allowed alternative under Recommended Accounting Practice (RAP) 11 – *Pre-completion Contracts for the Sale of Development Property*. Following the adoption of INT FRS 115 on 1 January 2011, RAP 11 was withdrawn.

On the adoption of INT FRS 115, the Group continues to recognise revenue and profit based on POC method for sale of development properties under the progressive payment scheme in Singapore. For sale of Singapore development properties under deferred payment scheme, the completion of construction method is used. Revenue and profits from sale of development properties under deferred payment scheme are recognised in entirety upon obtaining Temporary Occupation Permit. For the overseas development properties which have yet to be launched, we will take into consideration the legal framework and the industry practices in the country of operation to implement INT FRS 115.

This change of accounting policy was applied retrospectively and the effects of the Group's comparatives for this reporting quarter arising from the adoption of INT FRS 115 are as follows:

<u>Income Statement</u>	<b>Second quarter ended 30 June 2010 S\$'000</b>	<b>Half year ended 30 June 2010 S\$'000</b>
Increase/(decrease) in revenue	40,087	(5,585)
(Increase)/decrease in cost of sales	(10,426)	13,014
Increase in share of after-tax profit of jointly-controlled entities	-	37,876
Increase in income tax expense	(5,407)	(1,725)
Increase in profit for the period	<u>24,254</u>	<u>43,580</u>
Increase in basic earnings per share (cents)	<u>2.7</u>	<u>4.8</u>
Increase in diluted earnings per share (cents)	<u>2.5</u>	<u>4.6</u>
<u>Statement of Financial Position</u>	<b>As at 31.12.2010 S\$'000</b>	<b>As at 31.12.2009 S\$'000</b>
Decrease in development properties	(159,830)	(157,146)
Decrease in investments in jointly-controlled entities	-	(37,876)
Decrease in accumulated profits	(133,753)	(168,767)
Decrease in deferred tax liabilities	(26,077)	(26,255)

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

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	
	2011	2010 (Restated)	2011	2010 (Restated)
Basic Earnings per share (cents)	23.6	20.1	54.6	37.5
Diluted Earnings per share (cents)	23.1	19.8	52.7	36.4
Earnings per share is calculated based on:				
a) Profit attributable to owners of the Company (S\$'000) (*)	214,492	182,461	496,834	341,133
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 \$6,399,000 declared and paid in Q2 2011 (Q2 2010: \$6,399,000).

\*\* 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.

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	
	30.06.2011 S\$	31.12.2010 (Restated) S\$	30.06.2011 S\$	31.12.2010 (Restated) 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 2011 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2010)	7.18	6.89	5.94	5.32

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

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**

For Q2 2011 and 1H 2011 under review, the Group posted an attributable profit after tax and non-controlling interests of \$220.9 million and \$503.2 million respectively. This represents an increase of 17.0% for Q2 2011 and 44.8% for 1H 2011 as compared to the corresponding periods last year.

Accordingly, the basic earnings per share had improved by 17.4% for Q2 2011 to 23.6 cents (Restated Q2 2010: 20.1 cents) and 45.6% for 1H 2011 to 54.6 cents (Restated 1H 2010: 37.5 cents).

Property development continues to be a major contributor to the Group's pre-tax profits. The hotel operations and rental properties segments were the main contributors for the increases in pre-tax profit for Q2 2011 and 1H 2011. Hotel operations had benefited from the continued good trading performance from its main key gateway markets in London, Singapore and New York. In addition, the timely unlocking of the value of The Corporate Office in Q1 2011 coupled with gains recognised from the sale and leaseback of Studio M Hotel and the disposal of The Corporate Building in Q2 2011 had also contributed to the improvement in these two business segments. This is part of the Group's strategy to recycle its assets and rejuvenate its assets portfolio.

As at 30 June 2011, the Group's net gearing ratio, without factoring any fair value gains on investment properties as they are stated at cost less accumulated depreciation and impairment losses, remains low at 22.0% (Restated as at 31 December 2010: 29.4%). The interest cover for the Group had also improved for 1H 2011 by 18.5% to 25.0 times (Restated 1H 2010: 21.1 times).

The Group has a strong balance sheet derived from pure organic cash flow contributed by various core earning segments. Even amidst the global subprime debacle and credit crunch a few years ago, the Group did not resort to any fundraising of rights issue or convertible bonds which may have caused dilution. The Group's healthy cash flow position will be further enhanced by the progress payments of pre-sold developments yet to be billed and available undrawn credit lines which will enable the Group to withstand and weather potential global financial crisis that could emerge from Europe or the US which may result in any major borrowing rates increase or tightening of liquidity. Moreover, as the Group's investment properties are held at cost less depreciation and impairment losses, the overall value of its investment property portfolio is higher.

In view of the good performance of the Group, the Board is pleased to declare the payment of a tax-exempt (one-tier) special interim ordinary dividend of 5.0 cents per ordinary share.

## **Property**

The Singapore economy expanded 0.9% year-on-year in Q2 2011, down from 9.3% growth in Q1 2011. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy contracted by 6.5% in Q2 2011, compared to the 27.2% expansion in the previous quarter. This is below the general market expectation.

On a year-on-year basis, in Q2 2011, the manufacturing sector declined by 5.9% but the construction sector continued to grow by 1.5% in Q2 2011, sustained by increases in the public sector construction activities. On a sequential basis, the construction sector posted a second consecutive quarter of growth at 13.4%.



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

Growth in the services sector moderated and grew by 3.9% year-on-year in Q2 2011, compared to the 7.6% growth in the preceding quarter. Tourism-related sectors such as hotels and restaurants continued to register healthy growth of 6.4% in Q2 2011 due to strong visitor inflows.

Following the 2011 General Election, a new Cabinet was appointed on 18 May 2011. The new Minister for National Development stepped in quickly to address some major concerns in the public housing sector. At the same time, he also advised private property homebuyers to be mindful of possible sudden changes in the property market due to uncertainties in the global economies. Market generally received the news well but with a more cautious view.

Notwithstanding the above, Q2 2011 turned out to be a strong quarter with sales volume for uncompleted private residential homes hitting 4,325 units (excluding Executive Condominiums). This is 26.1% higher than the 3,430 units sold in Q1 2011. Demand has been healthy with monthly sales volume ranging from 1,182 to 1,788 units per month in Q2 2011. On a year-on-year basis, Q2 2011 sales volume has increased by 9.4% when compared to the sales volume of 3,955 units in Q2 2010. The positive take-up rate seen in Q2 2011 was probably due to lag time and committed sales as the data may not have reflected the impact of the new Minister's cautionary remarks.

Urban Redevelopment Authority (URA) data indicate that the Residential Property Price Index (PPI) continued to surpass the previous record set in the preceding quarter. For the first time, the Residential PPI has surpassed the 200 points mark to 203.0. Overall prices of private residential properties increased by 2.0% quarter-on-quarter in Q2 2011, compared with a 2.2% quarter-on-quarter increase in the previous quarter. This was the 7th consecutive quarter in which the rate of increase in private housing prices had moderated.

In the quarter under review, the Group launched a joint venture project in April 2011 known as Hedges Park located at the popular Changi/Pasir Ris locality. It comprises a 501-unit condominium nestled in lush greenery with three distinctive linear water courtyards. The launch was well-received with more than 315 units sold to-date.

In June 2011, the Group launched Buckley Classique – a 64-unit freehold residential development in District 11. This low-rise development is located near the Newton and Novena MRT stations and is close to amenities in the Newton hub area. It has a unique feature of conserving a rare colonial bungalow to be conserved as its clubhouse. Response to this project has been good. To-date, 80% of the 45 units launched has been sold.

Other ongoing projects continued to sell reasonably well. More than 600 units of the 642-unit NV Residences, a joint venture project, have been sold. At the 521-unit riverfront H<sub>2</sub>O Residences at Sengkang, another 40 more units were sold, bringing the total sales to 363 units out of the 400 units released.

For the 1H 2011, the Group, along with its joint-venture associates, sold a total of 809 units with sales value of \$793.9 million (1H 2010: 773 units with sales value of \$947.7 million).

During the quarter under review, the Group booked in profits from Cliveden at Grange, The Residences at W Singapore Sentosa Cove, One Shenton, Wilkie Studio, Shelford Suites, Hundred Trees, Volari, Tree House, 368 Thomson and Cube 8.

Profits were also contributed by joint venture projects such as Livia, NV Residences and The Gale. However, no profit was realised from H<sub>2</sub>O Residences, Hedges Park or Buckley Classique as the construction of these projects has yet to begin.

In June 2011, the Government announced its Land Sales (GLS) Programme for 2H 2011. It will be releasing land for about 8,100 new private homes (including Executive Condominiums) via its Confirmed List. This is comparable to the supply from the Confirmed List available in the 1H 2011 GLS Programme. In addition, there is a Reserve List with more GLS sites available should there be demand. From recent GLS tenders, prices appeared to have moderated as developers have become more conservative and selective in their tendering, balancing supply and demand.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

The office leasing activity in Q2 2011 remained steady. URA statistics show that overall rentals for office space increased by 1.5% quarter-on-quarter in Q2 2011 compared with 5.4% increase in Q1 2011. Even with a revised GDP projection of 5% to 6% growth in 2011, down from its earlier projection of 5% to 7%, there is room for office rentals to grow gradually. The island wide office occupancy rate as at Q2 2011 remained stable at 87.5%. Total available office space as at Q2 2011 increased by 1.5% quarter-on-quarter to 7.2 million square metres.

The Group's office portfolio continues to maintain a healthy rate of 93.2%.

The sale of The Corporate Building at 144 Robinson Road for \$57.1 million was completed in May 2011 and profit for this transaction was realised in Q2 2011.

## Hotel

Millennium & Copthorne Hotels plc (M&C), in which the Group holds a 54% interest delivered a strong financial performance. M&C achieved net profit after tax and minority interests of £47.9 million in Q2 2011 (Q2 2010: £25.0 million), an increase of 91.6% quarter-on-quarter, and £62.0 million in 1H 2011 (1H 2010: £37.2 million), an increase of 66.7%. Basic earnings per share increased by 65.0% to 19.8p (2010: 12.0p).

M&C's global RevPAR (in constant currency terms) grew by 6.3% in Q2 2011 and 5.5% for 1H 2011, primarily driven by an increase in average room rate. For 1H 2011, RevPAR growth in gateway cities increased 13.1% in London, 9.6% in Singapore and 6.6% in New York. On a like-for-like basis (excluding the three Christchurch hotels, Copthorne Orchid, Orchard Hotel, Millennium Seoul Hilton and Studio M Hotel, including Grand Millennium Beijing), Group RevPAR increased by 7.5% in 1H 2011 with RevPAR for Singapore increasing by 12.3% (excluding Copthorne Orchid, Orchard Hotel and Studio M Hotel).

M&C's half yearly performance was impeded by temporary impact of its asset management activity mainly due to declining revenue from Copthorne Orchid Hotel (site of Glyndebourne development) in the run-up to closure on 1 April, Glyndebourne's sales and marketing costs and temporary room closures at Millennium Seoul Hilton and Orchard Hotel due to refurbishment works. Additional impact on performance was also from the closure of three hotels in New Zealand (NZ) and consolidation of Grand Millennium Beijing.

M&C strengthened its financial position over the first six months of 2011. At 30 June 2011, M&C had cash reserves of £335.6 million and total undrawn committed bank facilities of £79.5 million available. Net debt fell to £81.9 million (31 December 2010: £165.7 million) and gearing was 4.1% compared to 8.5% at the end of last year and 9.8% at 30 June 2010.

On 3 May 2011, M&C completed the sale and leaseback of Studio M Hotel Singapore to its REIT associate, CDL Hospitality Trusts (CDLHT), in which it has a 35.1% interest in the stapled securities of CDLHT, for a cash consideration of \$154.0 million (£75.7 million). This exercise demonstrates M&C's ability to unlock value, while continuing to reap benefit through M&C's part ownership of CDLHT and through revenues and management fees from the hotel.

However, M&C's performance was not uniform across its global operations. In many parts of the world, it operated under difficult trading conditions. Factors included increased supply of competitors' hotel rooms which affected RevPAR performance in Regional UK; the continuing closure of three hotels in NZ as a result of the Christchurch earthquake; extreme weather conditions in US as well as the Japan earthquake and tsunami disaster impacted a number of Asian and NZ destinations during the first half, including Taipei and Seoul. Notwithstanding these factors, M&C's overall strong performance demonstrates the strength of its diversified global portfolio of hotel assets and its ability to deliver consistent profits.

Construction for the 150-unit luxury Glyndebourne condominium started in Q2 2011. The project is practically sold out with only 7 apartments available for sale. The sales value of the 143 sold units is \$517.4 million (£261.1 million), representing an average price of over \$2,000 per square foot.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

As reported previously, on 16 June 2010, M&C signed a collective sales agreement with other unit holders in Tanglin Shopping Centre, in which M&C has approximately 34% interest in the total strata area. The first tender for an en-bloc sale, which carried a very high reserve price, closed without any bids being received. A second tender was called thereafter and closed on 16 June 2011. The sales committee is now negotiating with prospective buyers, and has until 25 August 2011 to conclude a sale by private treaty, failing which the collective sale agreement will expire on 26 August 2011.

Development of the Cityspring project in Chengdu, China is progressing well, through M&C's 41.2% effective interest in First Sponsor Capital Limited (FSCL). As at 30 June 2011, 696 out of 726 residential units have been sold either under sale and purchase or option agreements. Revenue and profit recognition for the residential component is expected by end 2011. On 6 July 2011, FSCL launched the sale of one of the commercial blocks in the Cityspring project comprising 709 SOHO (small office/home office) units. 285 units have been sold either under sale and purchase or option agreements. The project will also include an approximately 170-room hotel, which is likely to be branded as a Studio M Hotel. The commercial development is scheduled for completion in late 2012.

On 8 July 2011, M&C acquired a prime land site in Tokyo's prestigious Ginza district for ¥9.5 billion (£73.6 million) to develop an approximately 325-room deluxe hotel. Construction is expected to be completed by 2014. This acquisition illustrates M&C's capacity to act quickly when attractive strategic opportunities are identified; enabling it to fill an important gap in M&C's asset portfolio with Tokyo becoming another global gateway city for M&C.

On 2 Aug 2011, M&C completed the sale of 29,127 square feet of land adjacent to the Grand Millennium Kuala Lumpur for a consideration of RM215.1 million (£44.6 million).

On the management front, M&C appointed Mr Wong Hong Ren as its Chief Executive Officer on 28 June 2011.

**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 2011.

**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 moderation in GDP growth for Q2 2011 reflected a slowdown in several sectors. Disruption to regional supply chains in the aftermath of the Japan earthquake was more severe than expected. The rise in oil prices due to the unrest in the Middle East and North Africa has also put a slight dampener on global demand. Singapore's trade-related sectors bore the brunt of impact with both manufacturing output and re-exports seeing sequential declines in Q2 2011. Looking at 2H 2011, the prognosis for the global economy has taken on a more cautious tone. Market optimism could also be tempered by the persistence of downside risks arising from the debt crisis in Europe, a slowdown in China's economic growth, and uncertainty about the economic recovery in the United States.

The consumer price index (CPI) in June 2011 fell slightly by 0.2% over May 2011. Compared to a year ago, CPI increased by 5.2% in June 2011. The CPI in 1H 2011 rose up by 5.0% compared with the same period last year. For 2011 as a whole, the MAS has revised its CPI inflation forecast to 4% - 5% from the earlier 3% - 4%. There is some concern that this may affect growth in the economy. Unemployment however is at a 3-year low of 1.9%.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

Some slowdown in the residential property market is expected. Volume of sales will not be as swift as before and prices will be moderated on the back of more cautious sentiments. Despite this, the market is unlikely to be impacted severely as properties in better located development sites, such as those near existing or future MRT/LRT stations, if priced correctly, will continue to do well. Developers have expressed confidence in such sites based on their keen interest in the GLS since 2010. The Group was successful in three public tenders from the GLS programme for 1H 2011 which includes a site at Robertson Quay where the Group is planning a mixed hotel and commercial / residential development, an Executive Condominium (EC) site at Choa Chu Kang Drive situated close to Choa Chu Kang MRT station and a residential site at Bartley Road / Lorong How Sun, adjoining the Bartley MRT station. The Group had strategically tendered for these well located sites at reasonable prices. Subsequent land tender for sites in the vicinity yielded higher prices. These acquisitions are in line with CDL's objective to strategically replenish its land bank. The Group currently has one of the largest privately-owned land banks in Singapore. Unlike other developers who may be pressured to tender for land sites, the Group has a large enough land bank for its development activities. Hence, until the global market improves and the domestic property policies become clearer, the Group will adopt a prudent and selective approach to future land tenders.

The Group is fortunate to have a number of high-end property sites in its land bank, which it had acquired strategically over a period of time, at reasonable prices, even in today's context. As the luxury residential property market is currently muted, and has yet to reach its peak of 2007, given the rarity of such premium land sites in today's landscape, the Group has the financial muscle to hold back launches or defer the building of high-end properties till market sentiments improve, so as to extract maximum value for these sites.

The Group has therefore stopped active marketing for The Residences at W Sentosa Cove and has diverted its efforts towards leasing. The Group had successfully tendered for this prime land at a low cost before subsequent land tendered prices escalated at the Cove. As there is no more land for tender on the Cove, the Group is awaiting the completion of the adjoining W Singapore Sentosa Cove Hotel and the Quayside Isle, which is likely to complete by 2012. It is confident that with the inclusion of trendy cafes, fine dining restaurants, specialty shops and entertainment spots and bars, which will create buzz and popularity in Sentosa Cove, coupled with improved market conditions, the Group will be able to get better value from this development in the future.

In early July 2011, the Group launched Blossom Residences, the first EC project in the western part of Singapore in recent years. It comprises 602 units and is conveniently located next to Segar LRT station and has superb views of the expansive greenery in the Bukit Timah area. 319 units have been sold to-date.

In the pipeline is the upmarket project at 18 Anderson Road known as Nouvel 18. The Group has a 50% stake in this joint venture project with another listed developer. Superbly located and comprising 156 units accommodated in two 36-storey distinctive towers, this project carries the trademark of world renowned and award-winning architect, Jean Nouvel.

Another project planned for in Q4 is located at Pasir Ris, on a site adjoining the successful Livia and NV Residences condominiums. This attractive suburban condominium is in the midst of a well-established residential district which is close to main transport nodes, business parks and amenities.

Other projects that are in the planning process include the Choa Chu Kang EC and the redevelopment of the Lucky Tower site located along Grange Road.

Notwithstanding the volatility in the global economic situation, the office sector is expected to remain steady and healthy, even with the revised positive GDP forecast of 5% to 6%.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

As reported previously, the Group has welcomed IOI Corporation Berhad (IOI) as its strategic partner in South Beach Consortium Pte. Ltd. (SBCPL), the joint venture consortium established to develop South Beach. The Group has increased its stake in this project from 33.3% originally to 50.1% when the two original shareholders exited from the consortium. On 3 August 2011, SBCPL awarded Hyundai Engineering & Construction Co., Ltd the main contract amounting to about \$812 million to build South Beach. This contract value is inclusive of the contract for the construction of the diaphragm wall and piling awarded last year, which will be novated to the main contractor. This mixed development will comprise 34-storey and 45-storey towers which will accommodate hotel, residential, office and retail space. Marketing of its office tower with more than 600,000 square feet of GFA is expected to begin shortly and has attracted considerable interest. Construction of the diaphragm wall and piling are progressing well. The project is on track for completion in 2015.

On 27 June 2011, SBCPL effected an early redemption of all existing mezzanine notes issued by SBCPL to Noteholders, of which the Group holds 48.75% under a 2009 Notes financing facility. The redemption amounts paid to Noteholders were funded by way of shareholders loans.

Despite the recent government cooling measures in China such as home purchase restrictions and increased down payments, we are confident of the medium to long-term growth prospects of China, which represents another promising platform of growth for the Group. In fact, the cooling measures have created opportunities for us to enter the market at reasonable valuations and this is further enhanced by the Group's healthy balance sheet. China's fundamentals are sound, with urbanisation trends which sees an annual migration of 15 to 20 million people moving from the rural areas to the urban districts, plus rapid improvements in infrastructure, are factors that will continue to boost the economic activities of China and give rise to a mobile population with increased purchasing power and sophistication. All this augurs well for the real estate market, which underpins the growth in China and is closely linked to many other industries such as construction and household goods and appliances.

As announced in July 2011, CDL China Limited, the Group's wholly-owned subsidiary, had successfully acquired a prime site in Suzhou, China with permissible GFA of 295,455 square metres (approximately 3.2 million square feet), on which it will build 88,000 square metres of high-end residential apartments comprising about 750 units, with the remaining GFA allocated towards an office tower, SOHO apartments, a retail mall and a luxury hotel. The acquisition is being made through CDL China's wholly-owned subsidiary – Global City International Ltd. The prized land parcel was acquired through a government land tender for RMB 886 million (approximately S\$167 million based on an exchange rate of 1RMB to S\$0.1881). Being a mixed-use development with a significant commercial component, it is anticipated that the project will be less affected by the cooling measures which are targeted more at residential developments. Furthermore, commercial property has the potential for long-term capital appreciation and provides a steady stream of income during the holding period.

Prior to the abovementioned recent acquisition, CDL China had clinched its first residential development site in December 2010 to build luxury villas in Chongqing, located in western China. World-renowned architect Moshe Safdie, who designed the integrated resort Marina Bay Sands in Singapore, has been appointed and is creating an iconic design that will establish a landmark within the city while also blending in with the culture and surroundings of the historic Eling Hill on which the project is situated. The design is expected to be finalised within the next few months and construction and pre-sales should commence next year. The Chongqing project is targeted at the luxury segment where well-heeled buyers are expected to be less affected by the property market cooling measures.

China is a big country with over 600 cities and not all cities are affected to the same extent by the cooling measures. CDL China has been and will continue to be prudent in its selection of cities to invest in and we look out for cities with strong growth potential and a relatively healthy real estate market. The initial two cities, Chongqing and Suzhou, have strong GDP growth and exhibit a genuine demand for quality housing and well-designed commercial buildings. Furthermore, with an improving regulatory and legal environment, the risks of investing in China are greatly minimised compared to the past. The Group is confident of establishing its brand in China and becoming a serious player there.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

## **Hotel**

Trading in the current period to date is encouraging and in line with M&C's management expectations. In the 24 days of July 2011, on a like-for-like basis, M&C RevPAR increased by 11.3% and Singapore by 14.6%.

As US and Europe grapple with funding crisis the economic outlook remains uncertain. However, M&C is confident that its strong balance sheet and low gearing, coupled with a 60% concentration of earnings from the Asian region, will protect M&C from the financial storm, should it recur.

While M&C injects a note of caution on its outlook, it is on the whole optimistic on its performance prospects. M&C's strong financial position, with proven abilities in cost control and revenue management has enabled it to be resilient, amidst short term trading challenges. M&C remains focused on effective asset management and long-term strategic goals.

The Group has always viewed its hotel operations as a platform to adopt its twin strategy of being both an owner and operator of hotel assets. Hence, M&C increased its equity stake in Grand Millennium Beijing from 30% to 70% in November 2010, by exercising its option based on the price for its original 30% stake, which was an attractive price as property prices in Beijing have since escalated.

## **Group Prospects**

The Group is watchful of the global economic situation as adverse news such as any uncontained debt crisis will have an impact on market sentiment. The downgrade of the US credit rating, the worsening of Europe's sovereign debt crisis and Japan's financial woes have caused global stock markets to tumble and shaken market confidence. Globally, governments and central banks are meeting collectively as there is an increased sense of urgency to stabilise financial markets and restore confidence. Stimulus packages may need to be introduced to help restore economies. Fears of a possible double-dip recession in the US and severe weakening of the European markets dominate investor sentiments. If the situation worsens, Asia will undoubtedly be affected in the near term, but the Group estimates that with growth in this region remaining fairly steady, Asia will be somewhat shielded from the brunt of such crisis.

Domestically, with the increased uncertainties in the global markets, the Government has also indicated that the Singapore economic growth could be lower than expected.

On the real estate front, there are also concerns on how the Government may be addressing the private residential property market in its policies moving forward. The Group notes that the Government's primary focus is on the public housing issues, having made various policy changes addressing this segment. While the new Minister has also cautioned the private residential market, the Group notes that the slew of property cooling measures introduced from September 2009 till present year, has already enhanced financial prudence in the private housing sector, heightened cautiousness, moderated property prices and contained any potential property bubble being formed. The Group does not expect new policies (if any) to destabilise the market and believe that any new policies will be aimed at helping to balance supply and demand.

The Group adopts a cautious view as events unfold. However, it is optimistic that amidst uncertainties, there are also opportunities when managed prudently. While the Government had cautioned the possibility of oversupply in the private residential market, subsequent reports may have overblown this fear. Moving forward, with a low interest rate environment, developers here will be mindful of market appetite which will be a major factor in deciding the timing of their launches and purchase or tender for development sites.

For the residential market, the Group is well placed with a wide range of properties – from ECs, to mid-, to high-end developments that cater to different market segments. It has the ability to extract and launch the select type of developments, at the appropriate time. Property remains a good hedge against inflation and the Group has always advocated that property investments, when viewed with a medium to long term perspective, is a good asset class in Singapore's context.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

Despite the heightened caution by the authorities, the residential property market continues to be sustained due to many factors. With high liquidity, a low interest rate environment, uncertainty and volatility in the equity market, plus lack of other suitable investment opportunities, these factors continue to encourage buying of real estate assets which still remain a relatively stable and reliable instrument for investment. This will help to limit the fall in property prices, even if some oversupply prevails.

Notwithstanding the above, the Group is cognizant that the Government will adopt a pragmatic approach with the property sector as it is an important economic driver. It is confident that the Government will strike the necessary balance to achieve a stable and sustainable property market in the medium to long-term.

The global hospitality industry is also improving and Singapore continues to enjoy strong growth in visitor arrivals, resulting in strong performance across its Singapore hotels.

The office sector remains steady with healthy demand. Even if market conditions changes due to the global landscape resulting in office rental yields moving downwards, this will not have a significant impact on the Group as its investment assets were purchased many years ago, with low carrying cost.

With a diversified portfolio that encompasses residential, investment and hotel operations, the Group has been able to utilise the different segments of its business, to its advantage. With strong cash flows, the Group has a sizable war chest to seize strategic opportunities that may avail at the appropriate time.

Accompanied with exciting projects in the pipeline, the Group is optimistic that with a steady and sustained economic growth, it will remain profitable for the current year.

## 11. Dividend

### (a) Current Financial Period Reported On

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

Yes.

The Company had on 11 May 2011 declared a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares of 1.93 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 2010 to 29 June 2011. The said preference dividend was paid on 30 June 2011.

On 12 August 2011, the Board of Directors declared a tax-exempt (one-tier) special interim ordinary dividend of 5.0 cents per ordinary share.

### (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	30 June 2010
Dividend Type	Cash
Dividend Amount (in cents)	1.93 cents per Preference Share <sup>^</sup>
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend period	From 31 December 2009 to 29 June 2010 (both dates inclusive)
Issue price	\$1.00 per Preference Share

<sup>^</sup> 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.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

**(c) Date payable**

The payment date for tax-exempt (one-tier) special interim ordinary dividend will be announced later.

**(d) Books Closure Date**

The books closure date will be announced later.

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

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**By Business Segments**

	← The Group →			
	Second quarter ended 30 June		Half year ended 30 June	
	2011	2010 (Restated)	2011	2010 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Revenue</u></b>				
Property Development	487,403	484,277	815,038	739,788
Hotel Operations	397,287	396,328	753,629	753,931
Rental Properties	69,462	81,468	141,175	159,631
Others	25,239	19,670	43,294	33,178
	<b>979,391</b>	<b>981,743</b>	<b>1,753,136</b>	<b>1,686,528</b>
<b><u>Profit before income tax (*)</u></b>				
Property Development	136,094	179,928	263,154	276,451
Hotel Operations	108,279	60,389	139,199	96,699
Rental Properties	86,297	42,250	264,430	112,601
Others	5,037	(6,081)	5,809	(2,522)
	<b>335,707</b>	<b>276,486</b>	<b>672,592</b>	<b>483,229</b>

\* Includes share of after-tax profit/(loss) of associates and jointly-controlled entities.



# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

14. 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 had remained relatively constant at \$487.4 million (Restated Q2 2010: \$484.3 million) for Q2 2011 but increased by \$75.2 million to \$815.0 million (Restated 1H 2010: \$739.8 million) for 1H 2011 respectively.

In term of pre-tax profits, this segment decreased by \$43.8 million to \$136.1 million (Restated Q2 2010: \$179.9 million) and by \$13.3 million to \$263.2 million (Restated 1H 2010: \$276.5 million) for 1H 2011 respectively.

Projects that contributed to both revenue and profit for 2011 include One Shenton, Cliveden at Grange, Shelford Suites, Wilkie Studio, Livia, Volari, NV Residences, The Residences at W Singapore Sentosa Cove, 368 Thomson, Cube 8, Hundred Trees and Tree house. 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 has not been consolidated into the Group's total revenue, the Group's share of profits arising from the joint venture developments has been included in pre-tax profit.

The increase in revenue for 1H 2011 were mainly attributable to maiden contribution from NV Residences, 368 Thomson, Cube 8, Hundred Trees and Tree House in 2011 as well as higher contribution from One Shenton and Cliveden at Grange. This was partially offset by the absence of contributions from The Arte and Tribeca which obtained Temporary Occupancy Permit in 2010 and lower contributions from Livia and The Residences at W Singapore Sentosa Cove.

Pre-tax profits for Q2 2011 decreased due to the completion of Tribeca and One Shenton in 2010 and Q1 2011 respectively as well as reduced contribution from The Residences at W Singapore Sentosa Cove.

Despite increase in revenue, pre-tax profit for 1H 2011 decreased due to the absence of profit contributions from The Oceanfront @ Sentosa Cove, a joint venture project, which obtained Temporary Occupancy Permit in 2010.

## Hotel Operations

Despite improvement in RevPAR in key gateway cities namely, London, Singapore and New York, revenue for this segment for both Q2 2011 and 1H 2011 had remained relatively constant at \$397.3 million (Q2 2010: \$396.3 million) and \$753.6 million (1H 2010: \$753.9 million) for Q2 2011 and 1H 2011 respectively. This was due to refurbishment work underway at the Millennium Seoul Hilton and The Orchard Hotel. In addition, the running down of business at the Copthorne Orchid Hotel which closed on 1 April 2011 for redevelopment to residential property and the continuing closure of three hotels in New Zealand due to the earthquake in Christchurch, also impacted the hotel performance.

Pre-tax profits increased by \$47.9 million to \$108.3 million (Q2 2010: \$60.4 million) for Q2 2011 and \$42.5 million to \$139.2 million (1H 2010: \$96.7 million) for 1H 2011. The increases were mainly due to improved Group's RevPAR as well as a gain of £17.4 million (approximately S\$35.4 million) on the sale and leaseback of Studio M Hotel to CDL Hospitality Trusts recorded in Q2 2011.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

## Rental Properties

Revenue decreased by \$12.0 million to \$69.5 million (Q2 2010: \$81.5 million) for Q2 2011 and by \$18.4 million to \$141.2 million (1H 2010: \$159.6 million) for 1H 2011 primarily due to the absence of rental income from North Bridge Commercial Complex, The Office Chamber, Chinatown Point, The Corporate Office and The Corporate Building, following their disposals in 2010 and 1H 2011.

Despite the decrease in revenue, pre-tax profits surged by \$44.0 million to \$86.3 million (Q2 2010: \$42.3 million) for Q2 2011 and by \$151.8 million to \$264.4 million (1H 2010: \$112.6 million) for 1H 2011. The significant increases were due to gains recognised from the disposal of The Corporate Building in Q2 2011 as well as sale of Corporate Office and a strata unit in GB Building in Q1 2011. Included in pre-tax profits for 2010 were gains recognised on sale of North Bridge Commercial Complex and The Office Chamber in Q1 2010 and Q2 2010 respectively.

## Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations as well as dividend income, increased by \$5.5 million to \$25.2 million (Q2 2010: \$19.7 million) for Q2 2011 and by \$10.1 million to \$43.3 million (1H 2010: \$33.2 million) for 1H 2011. The increases were due to higher management fee income.

Pre-tax profits increased by \$11.1 million to \$5.0 million (Q2 2010: loss of \$6.1 million) for Q2 2011 and by \$8.3 million to \$5.8 million (1H 2010: loss of \$2.5 million) for 1H 2011 mainly on account of higher revenue achieved coupled with lower net fair value loss on financial assets held for trading. In addition, included in Q2 2010 and 1H 2010 were share of losses in First Sponsor Capital Limited (FSCL) arising from provision of debtors and write-off of fees and monies believed to have been misappropriated by one of the FSCL's joint venture partners in one of FSCL's subsidiaries.

## 15. **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 (*Refer to Para 16 of Appendix 7.2 for the required details*)

	<b>Full Year 2010 S\$'000</b>	<b>Full Year 2009 S\$'000</b>
Ordinary	72,744	72,744
Special	90,930	-
Preference	12,904	12,904
<b>Total</b>	<b>176,578</b>	<b>85,648</b>

The final tax-exempt (one-tier) ordinary dividend and special final ordinary dividend for the year ended 31 December 2010 of 8.0 cents and 10.0 cents respectively per ordinary share had been approved by the ordinary shareholders at the Annual General Meeting held on 20 April 2011 and the dividend amounts were based on the number of issued ordinary shares as at 5 May 2011. The final tax-exempt (one-tier) ordinary dividend and special final ordinary dividend were paid on 20 May 2011.

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

Not applicable.

# CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

---

## 17. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted for the quarter ended 30 June 2011 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. group of companies	<p><u>Property-related</u> \$252,804.00</p> <p>(a) leases of premises from interested persons; and</p> <p>(b) provision of managing agent services to interested persons</p> <p><b>TOTAL: \$252,804.00</b></p>
Directors and their immediate family members	Nil

### BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh  
Company Secretary  
12 August 2011

# **CITY DEVELOPMENTS LIMITED**

(REG. NO. 196300316Z)

---

## **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 2011 to be false or misleading in any material aspect.

On behalf of the Board of Directors

**Kwek Leng Beng**  
Executive Chairman

**Kwek Leng Joo**  
Managing Director

Singapore, 12 August 2011