



**UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2005**

**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		
	2005	2004 (restated)	Incr/ (Decr)	2005	2004 (restated)	Incr/ (Decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	584,897	584,576	0.1	1,102,908	1,178,923	(6.4)
Cost of sales	(277,172)	(295,192)	(6.1)	(533,010)	(615,008)	(13.3)
<b>Gross profit</b>	<b>307,725</b>	<b>289,384</b>	<b>6.3</b>	<b>569,898</b>	<b>563,915</b>	<b>1.1</b>
Other operating income <sup>(2)</sup>	16,208	7,751	109.1	65,056	17,376	274.4
Administrative expenses <sup>(3)</sup>	(105,899)	(102,884)	2.9	(211,545)	(203,913)	3.7
Other operating expenses <sup>(4)</sup>	(102,527)	(91,757)	11.7	(196,086)	(183,227)	7.0
<b>Profit from operations</b>	<b>115,507</b>	<b>102,494</b>	<b>12.7</b>	<b>227,323</b>	<b>194,151</b>	<b>17.1</b>
Financial expenses <sup>(5)</sup>	(50,748)	(43,399)	16.9	(87,691)	(85,993)	2.0
<b>Profit before share of results of associated companies and jointly controlled entities <sup>(1)</sup></b>	<b>64,759</b>	<b>59,095</b>	<b>9.6</b>	<b>139,632</b>	<b>108,158</b>	<b>29.1</b>
Share of profit/(loss) of associated companies (net of tax)	10	(42)	NM	13	(61)	NM
Share of profit of jointly controlled entities (net of tax) <sup>(6)</sup>	4,911	8,867	(44.6)	22,416	10,097	122.0
<b>Profit from ordinary activities before taxation</b>	<b>69,680</b>	<b>67,920</b>	<b>2.6</b>	<b>162,061</b>	<b>118,194</b>	<b>37.1</b>
Income tax expense <sup>(7)</sup>	(23,323)	(8,479)	175.1	(54,712)	(2,422)	NM
<b>Profit for the period</b>	<b>46,357</b>	<b>59,441</b>	<b>(22.0)</b>	<b>107,349</b>	<b>115,772</b>	<b>(7.3)</b>
<b>Attributable to :</b>						
<b>Equity holders of the Company</b>	<b>23,479</b>	<b>36,801</b>	<b>(36.2)</b>	<b>64,233</b>	<b>76,737</b>	<b>(16.3)</b>
Minority interests	22,878	22,640	1.1	43,116	39,035	10.5
<b>Profit for the period</b>	<b>46,357</b>	<b>59,441</b>	<b>(22.0)</b>	<b>107,349</b>	<b>115,772</b>	<b>(7.3)</b>
<b>Earnings per share</b>						
- basic	1.94 cents	4.44 cents		6.59 cents	9.27 cents	
- fully diluted	1.90 cents	4.27 cents		6.44 cents	9.09 cents	

NM : Not meaningful

Note :

The comparative figures have been restated/reclassified to take into account the retrospective adjustments arising from the adoption of FRS 21 (revised 2004) - The Effects of Changes in Foreign Exchange Rates and FRS 102 - Share-based Payment or to conform with current period's presentation.

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## Notes to The Group's Income Statement :

- (1) Profit before share of results from associated companies and jointly controlled entities includes the following :

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2005	2004 (restated)	2005	2004 (restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	11,909	6,682	18,386	11,176
Profit on sale of investments, property, plant and equipment (net)	1,078	311	1,265	3,242
Investment income	2,324	929	2,726	1,626
Write-back of allowance for foreseeable losses on development properties (net)	-	5,029	1,074	5,029
Depreciation and amortisation	(42,301)	(42,652)	(84,825)	(85,666)
Net exchange loss	(984)	(314)	(1,880)	(330)

- (2) Other operating income comprising mainly profit on disposal of property, plant and equipment, interest income and miscellaneous income increased by \$8.5 million for Q2 and \$47.7 million for 1H. The increases were mainly due to business interruption insurance proceeds of £12.8 million (approximately S\$39.8 million) received in respect of the Millenium Hilton, New York, a hotel held by its subsidiary, Millennium & Cophthorne Hotels plc in Q1 and higher interest income received from fixed deposits.
- (3) Administrative expenses comprise mainly depreciation, hotel administrative expenses, and salaries and related expenses.
- (4) Other operating expenses comprise mainly property taxes and insurance on hotels, hotel other operating expenses and net exchange loss. This increased by \$10.8 million for Q2 and \$12.9 million for 1H mainly on account of higher utilities, advertising and promotion costs, property taxes and salaries for the hotel division which was in line with the increase in its revenue.
- (5) Financial expenses which comprise interest on borrowings, valuation losses on investments and amortisation of transaction cost on borrowings and debt securities, increased by \$7.3 million for Q2 and \$1.7 million for 1H. The increase for Q2 was mainly on account of higher average interest rates and costs associated with planned termination of hedging instruments undertaken by a subsidiary.
- (6) Share of after-tax profit of jointly controlled entities decreased by \$4.0 million for Q2 but increased by \$12.3 million for 1H. The decrease for Q2 arose from lower dividend income received from investments and lower contribution following disposal of The Plaza, New York in Q4 2004. Profit for 1H 2005 includes gain from the sale of MyeongDong Central Building in Seoul, held by Myungdong Development Co. Ltd, in which the Group has a 50% interest.

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## Notes to the Group's Income Statement: (cont'd)

- (7) Income tax expense for the period is derived at by applying the varying statutory tax rates on the taxable profit/(losses) and taxable temporary differences of the different countries in which the Group operates.

	The Group			
	Second quarter		Half year	
	ended 30 June		ended 30 June	
	2005	2004	2005	2004
	(restated)		(restated)	
	\$m	\$m	\$m	\$m
The tax charge relates to the following :				
Profit for the period	18.8	17.2	30.2	28.7
Business interruption insurance proceeds	-	-	18.7	-
Under/(over)provision in respect of prior years	4.5	(8.7)	5.8	(26.3)
	23.3	8.5	54.7	2.4

The effective tax rate for the Group is 33.5% for Q2 (2004 : 12.5%) and 33.8% for 1H (2004: 2.0%). Excluding the effect of adjustments in provisions in respect of prior years, business interruption insurance proceeds and its related tax, the effective tax rate for the Group would be 27.0% for Q2 (2004: 25.3%) and 24.8% for 1H (2004: 24.3%).

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## 1(b)(i) A balance sheet (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 30.6.2005	As at 31.12.2004 (restated)	As at 30.6.2005	As at 31.12.2004 (restated)
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	(1)	8,454,109	8,891,410	528,385	580,938
Investments in subsidiaries		-	-	2,200,572	2,201,407
Investments in associated companies		1,300	1,241	-	-
Investments in jointly controlled entities		260,240	235,631	67,880	67,880
Financial assets		65,489	31,301	35,373	15,546
Intangible assets		697	295	-	-
Other non-current assets		84,244	81,839	57,098	57,535
		<b>8,866,079</b>	<b>9,241,717</b>	<b>2,889,308</b>	<b>2,923,306</b>
<b>Current assets</b>					
Non-current assets held for sale	(1)	468,424	-	48,195	-
Development properties		1,940,489	1,944,358	1,585,067	1,599,119
Consumable stocks		13,317	13,508	987	1,061
Financial assets		44,662	35,642	-	-
Trade and other receivables		828,842	700,959	1,022,661	969,549
Cash and cash equivalents		583,705	827,834	158,598	385,282
		<b>3,879,439</b>	<b>3,522,301</b>	<b>2,815,508</b>	<b>2,955,011</b>
<b>Current liabilities</b>					
Bank overdrafts		(2,378)	(2,171)	-	-
Trade and other payables		(685,199)	(688,222)	(844,483)	(983,698)
Bank loans		(28,410)	(18,306)	(28,410)	(18,306)
Current portion of long-term liabilities (net)	(2)	(1,157,475)	(815,656)	(104,768)	(48,876)
Bonds and notes - repayable within 12 months (net)	(2)	(686,490)	(583,311)	(29,998)	(169,979)
Employee benefits		(16,649)	(14,566)	(1,196)	(1,153)
Provision for taxation		(105,875)	(115,173)	(26,289)	(35,065)
Provisions		(1,768)	(497)	-	-
		<b>(2,684,244)</b>	<b>(2,237,902)</b>	<b>(1,035,144)</b>	<b>(1,257,077)</b>
<b>Net current assets</b>		<b>1,195,195</b>	<b>1,284,399</b>	<b>1,780,364</b>	<b>1,697,934</b>
		<b>10,061,274</b>	<b>10,526,116</b>	<b>4,669,672</b>	<b>4,621,240</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and other liabilities (net)	(2)	(2,095,603)	(2,625,631)	(1,002,595)	(943,553)
Employee benefits		(17,830)	(17,291)	-	-
Provisions		(9,227)	(9,830)	-	-
Deferred tax liabilities		(714,373)	(670,222)	(16,366)	(10,906)
		<b>(2,837,033)</b>	<b>(3,322,974)</b>	<b>(1,018,961)</b>	<b>(954,459)</b>
		<b>7,224,241</b>	<b>7,203,142</b>	<b>3,650,711</b>	<b>3,666,781</b>
<b>Equity</b>					
Share capital		457,494	452,541	457,494	452,541
Reserves		4,529,048	4,498,163	3,193,217	3,214,240
<b>Total equity attributable to equity holders of the Company</b>		<b>4,986,542</b>	<b>4,950,704</b>	<b>3,650,711</b>	<b>3,666,781</b>
<b>Minority interests</b>		<b>2,237,699</b>	<b>2,252,438</b>	<b>-</b>	<b>-</b>
		<b>7,224,241</b>	<b>7,203,142</b>	<b>3,650,711</b>	<b>3,666,781</b>

### Notes :

- (1) In accordance with *FRS 105 - Non-Current Assets held for Sale and Discontinued Operations*, the carrying value of the following non-current assets (Property, plant and equipment) have been reclassified as current assets (Non-current assets held for sale) :
- (a) 11 commercial properties in Singapore to be sold in accordance with various conditional sale and purchase agreements entered into on 30 June 2005;
- (b) commercial property asset held in Sydney, comprising part of the former Millennium Sydney hotel property and the adjoining retail and conference centre.
- (2) These figures have been derived after deducting the unamortised balance of related deferred financial charges.
- (3) Certain comparative figures have been restated/reclassified to adjust for the effect of adoption of *FRS 21* (revised 2004) and *FRS 102* or to conform with current period's presentation.

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## 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. It excludes advances from minority shareholders of certain subsidiaries, deferred real estate taxes payable, retention sums payable, other payables and deposits received. Unamortised balance of deferred financial charges have not been deducted.

	As at 30/6/2005 S\$'000	As at 31/12/2004 S\$'000
<b><u>Unsecured</u></b>		
-repayable within one year	485,808	564,306
-repayable after one year	1,461,858	1,267,339
(a)	<u>1,947,666</u>	<u>1,831,645</u>
<b><u>Secured</u></b>		
-repayable within one year	1,388,216	855,296
-repayable after one year	605,658	1,334,272
(b)	<u>1,993,874</u>	<u>2,189,568</u>
Gross borrowings	3,941,540	4,021,213
Less : cash and cash equivalents	<u>(583,705)</u>	<u>(827,834)</u>
Net borrowings	<u>3,357,835</u>	<u>3,193,379</u>

### Details of any collateral

The borrowings by subsidiaries are generally secured by:

- mortgages on their land and buildings and/or hotel properties and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds

The borrowings by the Company are unsecured.

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**1(c) A cash flow statement (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	
	2005	2004 (restated)	2005	2004 (restated)
<b>Operating Activities</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Profit from ordinary activities before taxation	69,680	67,920	162,061	118,194
<b>Adjustments for:</b>				
Depreciation and amortisation	42,301	42,652	84,825	85,666
Property, plant and equipment written off	41	75	61	78
Profit on sale of property, plant and equipment	(1,078)	(311)	(1,265)	(2,902)
Share of profit of associated companies and jointly controlled entities (net of tax)	(4,921)	(8,825)	(22,429)	(10,036)
Interest income	(11,909)	(6,682)	(18,386)	(11,176)
Interest expense	47,648	41,646	83,018	82,594
Dividend income	(2,324)	(929)	(2,726)	(1,626)
Valuation/hedging differences	3,396	-	885	-
Allowance for diminution in value of investments made (net)	-	336	-	215
Share-based expenses	646	309	1,022	618
Allowance for foreseeable losses on development properties written back	-	(5,029)	(1,074)	(5,029)
Allowance for doubtful debts made/(written back) (net)	135	(66)	207	619
Operating profit before working capital changes	143,615	131,096	286,199	257,215
<b>Changes in working capital</b>				
Development properties	92,577	215,909	69,002	323,639
Stocks, trade and other receivables	(52,488)	39,384	(80,416)	(222,500)
Related corporations	(8,035)	15,619	(39,101)	(11,113)
Trade and other payables	6,137	26,421	(21,349)	28,400
Employee benefits	2,726	676	3,023	2,491
Cash generated from operations	184,532	429,105	217,358	378,132
Income tax paid	(32,763)	(14,863)	(38,463)	(11,415)
<b>Cash flows from operating activities carried forward</b>	<b>151,769</b>	<b>414,242</b>	<b>178,895</b>	<b>366,717</b>

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	Second quarter		Half year	
	ended 30 June		ended 30 June	
	2005	2004	2005	2004
		(restated)	(restated)	
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities brought forward</b>	<b>151,769</b>	<b>414,242</b>	<b>178,895</b>	<b>366,717</b>
<b>Investing Activities</b>				
Purchase of property, plant and equipment	(168,164)	(15,379)	(182,952)	(24,514)
Proceeds from sale of property, plant and equipment	3,445	436	19,185	10,382
Disposal of investments in jointly controlled entities	-	51	-	348
Purchase of intangible assets	(394)	(56)	(394)	(56)
(Purchase)/disposal of financial assets (net)	(6,989)	7,644	(8,804)	(9,108)
Interest received (including amounts capitalised as property, plant and equipment and development properties)	11,990	6,716	18,480	11,235
Dividends received				
- investments	2,324	929	2,726	1,626
- jointly controlled entities	88	4	88	4,942
<b>Cash flows from investing activities</b>	<b>(157,700)</b>	<b>345</b>	<b>(151,671)</b>	<b>(5,145)</b>
<b>Financing Activities</b>				
Proceeds from issue of shares (net of expenses)	11,347	340,360	24,765	340,360
Return of capital to minority shareholders (net)	(52,134)	(22,534)	(49,214)	(19,541)
Proceeds from term loans (net of expenses)	337,022	41,306	403,372	132,335
Repayment of term loans	(309,787)	(264,114)	(439,422)	(285,299)
Repayment to finance lease creditors	-	-	(2,713)	(2,396)
Proceeds from issuance of bonds and notes (net of expenses)	131,473	245,784	241,350	313,698
Repayment of bonds and notes	(232,728)	(222,505)	(303,977)	(272,505)
Repayment of other long-term liabilities	(24)	(55)	(1,056)	(1,468)
Proceeds from bank loans	10,720	-	10,720	-
Repayment of bank loans	-	(2,254)	-	(26,551)
Dividend paid	(59,185)	(380,505)	(59,185)	(380,505)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(51,244)	(45,222)	(89,790)	(89,736)
<b>Cash flows from financing activities</b>	<b>(214,540)</b>	<b>(309,739)</b>	<b>(265,150)</b>	<b>(291,608)</b>
<b>Net (decrease)/increase in cash and cash equivalents carried forward</b>	<b>(220,471)</b>	<b>104,848</b>	<b>(237,926)</b>	<b>69,964</b>

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	Second quarter ended 30 June		Half year ended 30 June	
	2005	2004 (restated)	2005	2004 (restated)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Net (decrease)/increase in cash and cash equivalents brought forward</b>	<b>(220,471)</b>	<b>104,848</b>	<b>(237,926)</b>	<b>69,964</b>
Exchange differences arising on translation of foreign subsidiaries' cash and cash equivalents	(2,463)	4,386	(6,410)	3,870
Cash and cash equivalents at the beginning of the period (net of bank overdraft)	804,261	531,489	825,663	566,889
<b>Cash and cash equivalents at the end of the period (net of bank overdraft)</b>	<b>581,327</b>	<b>640,723</b>	<b>581,327</b>	<b>640,723</b>



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**1(d)(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 equity holders of the Company----->									
	Share Capital S\$m	Share Prem. S\$m	Cap. Res. S\$m	Other Res.* S\$m	Asset Rev. Res. S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m	Total S\$m	Minority Interests S\$m	Total Equity S\$m
At 1 January 2005, as previously reported	452.5	1,458.7	148.2	-	515.3	176.4	2,199.6	4,950.7	2,252.4	7,203.1
Effects of adopting										
- FRS 21 (revised 2004)	-	-	-	-	-	0.7	(0.7)	-	-	-
- FRS 102	-	-	-	0.6	-	-	(0.6)	-	-	-
At 1 January 2005, restated	452.5	1,458.7	148.2	0.6	515.3	177.1	2,198.3	4,950.7	2,252.4	7,203.1
Effect of adopting FRS 39	-	-	-	8.8	-	-	1.7	10.5	(4.1)	6.4
	452.5	1,458.7	148.2	9.4	515.3	177.1	2,200.0	4,961.2	2,248.3	7,209.5
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	16.2	(22.6)	-	(6.4)	(3.0)	(9.4)
Issue of ordinary shares	2.7	10.7	-	-	-	-	-	13.4	-	13.4
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	-	0.5	-	0.5	-	0.5
Realised revaluation reserve transferred to accumulated profits	-	-	-	-	(0.3)	-	0.3	-	-	-
Change of interests in subsidiaries	-	-	-	-	-	-	-	-	2.9	2.9
Cost of share-based payment	-	-	-	0.2	-	-	-	0.2	0.2	0.4
Valuation and hedging differences taken to equity (net of tax)	-	-	-	7.0	-	-	-	7.0	2.4	9.4
Profit for the period	-	-	-	-	-	-	40.8	40.8	20.2	61.0
At 31 March 2005	455.2	1,469.4	148.2	16.6	531.2	155.0	2,241.1	5,016.7	2,271.0	7,287.7
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	1.5	(10.9)	-	(9.4)	(7.1)	(16.5)
Issue of ordinary shares	2.3	9.1	-	-	-	-	-	11.4	-	11.4
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	-	0.4	-	0.4	-	0.4
Change of interests in subsidiaries	-	-	-	-	-	-	-	-	0.1	0.1
Cost of share-based payment	-	-	-	0.3	-	-	-	0.3	0.3	0.6
Valuation and hedging differences taken to equity (net of tax)	-	-	-	2.8	-	-	-	2.8	2.8	5.6
Profit for the period	-	-	-	-	-	-	23.5	23.5	22.9	46.4
Dividend paid	-	-	-	-	-	-	(59.2)	(59.2)	(52.3)	(111.5)
At 30 June 2005	457.5	1,478.5	148.2	19.7	532.7	144.5	2,205.4	4,986.5	2,237.7	7,224.2

\*Other reserves comprise mainly Fair Value Reserve arising from available-for-sale investments and Hedging Reserve.

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The Group	<-----Attributable to equity holders of the Company----->									
	Share Capital S\$m	Share Prem. S\$m	Cap. Res. S\$m	Other Res.^ S\$m	Asset Rev. Res. S\$m	Exch. Fluct. Res. S\$m	Accum. Profits S\$m	Total S\$m	Minority Interests S\$m	Total Equity S\$m
At 1 January 2004, as previously reported	413.6	1,055.4	148.2	-	461.4	165.5	2,358.9	4,603.0	2,069.0	6,672.0
Effects of adopting										
- FRS 21 (revised 2004)	-	-	-	-	-	2.9	(2.9)	-	-	-
- FRS 102	-	-	-	0.3	-	-	(0.3)	-	-	-
At 1 January 2004, restated	413.6	1,055.4	148.2	0.3	461.4	168.4	2,355.7	4,603.0	2,069.0	6,672.0
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	(0.2)	(3.6)	-	(3.8)	(9.2)	(13.0)
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Change of interest in subsidiaries	-	-	-	-	-	-	-	-	3.0	3.0
Cost of share-based payment	-	-	-	0.1	-	-	-	0.1	0.1	0.2
Profit for the period, restated	-	-	-	-	-	-	39.9	39.9	16.4	56.3
At 31 March 2004, restated	413.6	1,055.4	148.2	0.4	461.2	164.5	2,395.6	4,638.9	2,079.3	6,718.2
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	0.5	14.3	-	14.8	9.3	24.1
Issue of ordinary shares	2.0	8.1	-	-	-	-	-	10.1	-	10.1
Issue of preference shares (net of expenses)	16.5	313.7	-	-	-	-	-	330.2	-	330.2
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	-	0.2	-	0.2	-	0.2
Change of interest in subsidiaries	-	-	-	-	-	-	-	-	(7.0)	(7.0)
Cost of share-based payment	-	-	-	0.2	-	-	-	0.2	0.1	0.3
Profit for the period, restated	-	-	-	-	-	-	36.8	36.8	22.6	59.4
Dividend paid	-	-	-	-	-	-	(380.5)	(380.5)	(13.7)	(394.2)
At 30 June 2004, restated	432.1	1,377.2	148.2	0.6	461.7	179.0	2,051.9	4,650.7	2,090.6	6,741.3

^ Other reserve relates to Share Option Reserve.

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The Company	Share Capital S\$m	Share Premium S\$m	Capital Res. S\$m	Asset Rev. Res. S\$m	Exch. Fluct. Res. S\$m	Fair Val. Res. S\$m	Accum. Profits S\$m	Total S\$m
At 1 January 2005, as previously reported	452.5	1,445.6	63.7	0.9	(0.1)	-	1,704.2	3,666.8
Effect of adopting FRS 21 (revised 2004)	-	-	-	-	0.1	-	(0.1)	-
At 1 January 2005, restated	452.5	1,445.6	63.7	0.9	-	-	1,704.1	3,666.8
Effect of adopting FRS 39	-	-	-	-	-	13.2	(1.0)	12.2
	452.5	1,445.6	63.7	0.9	-	13.2	1,703.1	3,679.0
Issue of ordinary shares	2.7	10.7	-	-	-	-	-	13.4
Valuation differences taken to equity (net of tax)	-	-	-	-	-	3.7	-	3.7
Profit for the period	-	-	-	-	-	-	3.2	3.2
At 31 March 2005	455.2	1,456.3	63.7	0.9	-	16.9	1,706.3	3,699.3
Issue of ordinary shares	2.3	9.1	-	-	-	-	-	11.4
Valuation differences taken to equity (net of tax)	-	-	-	-	-	(1.0)	-	(1.0)
Profit for the period	-	-	-	-	-	-	0.2	0.2
Dividend paid	-	-	-	-	-	-	(59.2)	(59.2)
At 30 June 2005	457.5	1,465.4	63.7	0.9	-	15.9	1,647.3	3,650.7

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The Company	Share Capital S\$m	Share Premium S\$m	Capital Res. S\$m	Asset Rev. Res. S\$m	Exch. Fluct. Res. S\$m	Fair Val. Res. S\$m	Accum. Profits S\$m	Total S\$m
At 1 January 2004, as previously reported	413.6	1,042.3	63.7	0.9	(0.8)	-	2,052.4	3,572.1
Effect of adopting FRS 21 (revised 2004)	-	-	-	-	0.8	-	(0.8)	-
At 1 January 2004, restated	413.6	1,042.3	63.7	0.9	-	-	2,051.6	3,572.1
Profit for the period, restated	-	-	-	-	-	-	19.7	19.7
At 31 March 2004, restated	413.6	1,042.3	63.7	0.9	-	-	2,071.3	3,591.8
Profit for the period, restated	-	-	-	-	-	-	3.8	3.8
Issue of ordinary shares	2.0	8.1	-	-	-	-	-	10.1
Issue of preference shares (net of expenses)	16.5	313.7	-	-	-	-	-	330.2
Dividend paid	-	-	-	-	-	-	(380.5)	(380.5)
At 30 June 2004, restated	432.1	1,364.1	63.7	0.9	-	-	1,694.6	3,555.4

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- 1(d)(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 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

Arising from the exercise of subscription rights by bonus warrant holders during the three-month period ended 30 June 2005, the Company issued 4,539,082 new ordinary shares of \$0.50 each, thus bringing the total issued and paid up ordinary share capital as at 30 June 2005 to \$440,950,347.50 comprising 881,900,695 ordinary shares of \$0.50 each. As at 30 June 2005, the number of ordinary shares that may be issued on conversion of all the outstanding bonus warrants is 28,003,512 ordinary shares (30 June 2004: 78,670,477 ordinary shares).

## Preference share capital

There was no additional preference shares issued during the three-month period. The total issued and paid up preference share capital as at 30 June 2005 was \$16,543,712.85 comprising 330,874,257 (30 June 2004 : 330,874,257) non-redeemable convertible non-cumulative preference shares of \$0.05 each.

As at 30 June 2005, the maximum number of ordinary shares that may be issued upon full conversion at the sole option of the Company of all the preference shares is 44,998,898 ordinary shares (30 June 2004: 44,998,898 ordinary shares).

- 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.**

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2004 except for the following which arose from the adoption of new/revised Financial Reporting Standards ("FRS") issued by the Council on Corporate Disclosure and Governance and are operative for financial period beginning on or after 1 January 2005:

**(a) FRS 21 (revised 2004) - The Effects of Changes in Foreign Exchange Rates**

The revised FRS requires exchange differences on loans from the Company to its subsidiaries which forms part of the Company's net investment in the subsidiaries to be included in the Company's income statement. Previously, the exchange differences were included in the Company's Exchange Fluctuation Reserves. On consolidation, exchange differences on such inter-company loans which are denominated in either the functional currency of the parent or the subsidiary continues to be taken to Exchange Fluctuation Reserves whilst exchange differences arising from similar loans which are not denominated in either the functional currency of parent or the subsidiary will now remain in the consolidated income statement. The application is retrospective and accordingly the comparative financial statements for 2004 are restated.

**(b) FRS 39 - Financial Instruments: Recognition and Measurement**

This FRS sets out the new requirements for the recognition, derecognition and measurement of the Group's and the Company's financial instruments and hedge accounting. In accordance with the transitional provisions of this FRS, the comparative financial statements for 2004 are not restated.

**(c) FRS 102 - Share-based Payment**

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. The application on the Share Option Scheme of a subsidiary is retrospective and accordingly the comparative financial statements for 2004 are restated.

**(d) FRS 105 - Non-current Assets Held for Sale and Discontinued Operations**

This FRS requires an entity to state its non-current assets as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In accordance with the transitional provisions of this FRS, the comparative financial statements for 2004 are not restated.

The financial effects of the adoption of the various FRS on the accumulated profits, exchange fluctuation and other reserves are set out in item 1(d)(i) and may be subject to adjustments when they are audited at the end of the year.

The Group and the Company have also adopted revisions in other FRS that have become operative from 1 January 2005. However, they do not have any significant impact on the financial statements.

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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.

Except for those required by the adoption of new/revised FRS stated in item 4 above, there was no change in the accounting policies and methods of computation.

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	
	2005	2004 (restated)	2005	2004 (restated)
Basic Earnings per share (cents)	1.94	4.44	6.59	9.27
Fully Diluted Earnings per share (cents)	1.90	4.27	6.44	9.09
Earnings per share is calculated based on :				
a) Profit attributable to equity holders of the Company (S\$'000) (*)	17,080	36,801	57,834	76,737
b) weighted average number of ordinary shares in issue :				
- basic	879,492,259	828,190,989	877,558,816	827,688,316
- fully diluted (**)	899,083,493	861,993,532	898,212,843	844,589,589

\* After deducting preference dividends of \$6,399,000 declared and paid in Q2 2005 (Q2 2004: Nil).

\*\*For computation of fully diluted earnings per share, the weighted average number of ordinary shares will be adjusted for the dilutive effect of potential ordinary shares arising from the exercise of all outstanding bonus warrants and conversion of all preference shares. For Q2 and 1H 2005, the preference shares were anti-dilutive and therefore were excluded in the calculation of fully diluted earnings per share.

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

	The Group		The Company	
	30/6/2005 S\$	31/12/2004 S\$	30/6/2005 S\$	31/12/2004 S\$
Net Asset Value per ordinary share based on issued share capital of 881,900,695 ordinary shares as at 30 June 2005 (871,994,508 ordinary shares as at 31 December 2004).	5.65	5.68	4.14	4.21

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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 the first half of the year, the Group's pre-tax profit increased by 37% to \$162.1 million (restated 2004: \$118.2 million).

After accounting for the one-off tax provision of \$18.7 million for compensation received for business interruption insurance claim for the Millenium Hilton, New York, and underprovision of tax for prior years of \$5.8 million (restated 2004 : writeback of \$26.3 million), after-tax profit was \$107.3 million (restated 2004: \$115.8 million).

After accounting for minority interests, attributable profit amounted to \$64.2 million (restated 2004: \$76.7 million).

For Q2 of the year, the Group reported pre-tax profit of \$69.7 million (restated 2004: \$67.9 million). After adjusting for the underprovision of tax for prior years of \$4.5 million (restated 2004: writeback of \$8.7 million), after-tax profit was \$46.4 million (restated 2004: \$59.4 million). After deducting minority interests, attributable profit amounted to \$23.5 million (restated 2004: \$36.8 million).

## Property

The economy grew by 5.2% in Q2, compared to 2.7% in Q1, above the Government's expectations. The property market continued its steady and gradual improvement with private residential property prices edging up 0.5% while, more significantly, transaction volume increased by more than 120% from 1,250 to 2,780 units for Q2, reflecting better market sentiment.

The Group launched Phase I of City Square Residences, comprising 200 units, in April. Response to this project was so overwhelming that the Group released more units progressively to meet the strong demand. By end of Q2, a total of 633 units have been sold. Meanwhile, Tower I of The Sail @ Marina Bay, comprising 681 units, was 99% sold.

However, as both The Sail @ Marina Bay and City Square Residences are still in the initial stage of construction, the profits will only be recognised from Q3 and 2006 respectively. For the quarter under review, the Group continued to book in profits from existing projects such as Savannah CondoPark, The Esparis, The Pier at Robertson, and Monterey Park.

The office market continued to improve with rental rates up by 1.0% in Q2. This is largely felt in the new prime office space in the Central Business District (CBD). Overall occupancy has improved to 85.3%, the highest level since the Asian financial crisis, in tandem with the improving economy.



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In April, the Government announced its decision to allow two Integrated Resorts (IRs) incorporating casinos in Singapore, one at Marina Bay while the other at Sentosa. This has generated much excitement in the property market in view of the great potential benefits and the economic spin-off these new projects could bring to Singapore's economy. As a major developer in Singapore, we have been approached by a number of IR contenders to explore possible partnerships. However, at this stage, since the Request for Proposal rules have not been finalised by the authorities, we have not entered into any formal agreements with any of the contenders. This strategy allows the Group to have the flexibility to assess, on a wider perspective, the various potential IR proposals that best complement the Group's objectives.

In June, the market welcomed the Government's decision to continue with its suspension of the Confirmed List under the Government Land Sales programme while retaining the Reserve List as its regular feature.

The Board has evaluated the merits and feasibility of various REIT transactions, and after extensive evaluation, has concluded to sell, for a start, an asset portfolio comprising 9 properties and 2 carparks to Suntec REIT for a total consideration of \$788 million. The sale price for each of the properties was mutually agreed on a willing buyer and willing seller basis, and in tandem with the open market value of each of the properties based on the valuation of a professional independent valuer engaged by Suntec REIT. In addition, Suntec REIT was also advised by two independent leading investment bankers. The Board's decision to sell the asset portfolio was made in the best interest of the Group with a view to unlocking shareholder value. The respective companies in the Group and Suntec REIT entered into and continue to be bound by legally binding property purchase agreements in respect of the properties within the said asset portfolio. This transaction is subject to the approval of the Suntec REIT unit-holders and the SGX-ST for listing of certain Suntec REIT units.

## Hotel

Millennium & Copthorne Hotels plc (M&C), in which the Group has 52% interest, delivered first half results in line with its expectations. With focus on driving operational performance of the hotels to maximise returns, accompanied with the benefits from a diversified global portfolio of 91 hotels, M&C continued its upward trend with increases in revenue and RevPAR in all regions.

A pre-tax profit of £40.1 million (restated 2004 : £18.6 million) for the first six months to 30 June 2005 was recorded. Stronger RevPAR growth in all regions in the second quarter resulted in Group RevPAR increasing by 9.3%.

The steady progress of M&C has provided a good platform for further growth. With the majority of its hotels continuing its strong performance, M&C is well positioned for the second half.

## 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 period ended 31 March 2005.

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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

On 7 July, the Group submitted its bid for the Business Financial Centre (BFC) site at Marina Boulevard / Central Boulevard. The Group evaluated the feasibility of the site, the various options and conditions indicated in the tender, mindful of the viability issues when taking on new projects, particularly developments of this scale.

The winning bid was 130% higher than the reserve price, indicating a strong level of confidence returning to the market, especially for the office and residential sectors.

Even though the Group's BFC bid was not the highest, and hence not accepted, it will explore other investment opportunities. The bullish bid has generated numerous upside potentials, and is likely to set new benchmark prices for residential projects like The Sail @ Marina Bay, and office rentals and capital values in the CBD.

On 16 July, the Government announced sweeping changes to the rules affecting the property market. Most important of which are the lifting of financing cap from 80% to 90%, and the reduction of upfront cash deposit from 10% to 5% for purchase of residential properties. Changes were also made to CPF ruling by allowing CPF funds to be used for purchase of properties with shorter tenure. Prospective permanent residents may use 50% of the requisite minimum investment amount or \$1 million to purchase residential properties.

These changes have been warmly welcomed by the market and anecdotal evidence pointed to a much higher level of buying interests and activities since the announcement.

City Square Residences continued to be an attractive development for buyers and to date more than 710 units have been sold. The Group, together with our partners, are considering the possibility of pushing forward the launch of Tower 2 of The Sail @ Marina Bay. As an iconic development, this project has generated much interest from local and foreign buyers, and the response has been extremely positive. There are already many interested potential buyers on our waiting list.

The Group plans to launch 2 new projects in the last quarter of 2005. The first is the exclusive St. Regis Residences which comprises 187 super luxurious apartments located at the prestigious Tanglin/Orchard area. This development adjoins the 299-room St. Regis Hotel which, upon completion, will join the famed hallmarks of the St Regis hotels renowned for its impeccable reputation for elegance, butler service and luxury accommodation. As an integrated project, residents at the St Regis Residences will be able to enjoy first-of-its-kind St. Regis Butler service which offers unparalleled round-the-clock personal attention. The other project to be launched is the freehold King's Centre - Plot 3 located next to Grand Copthorne Waterfront Hotel. Many of the units in the project will have views of the Singapore River.

The Group is proceeding with the development of City Square Mall, which will be one of the largest shopping malls in Singapore. It will comprise 721,000 sq. ft of exciting shops, restaurants, hypermarket and entertainment facilities. It is located adjoining City Square Residences.

The Group has added another prime parcel to its landbank, having successfully won the tender for the highly coveted 197,000 sq ft site at Sentosa Cove for the best design. This proposed 270-unit residential landmark development is set to be the tallest condominium in Sentosa Cove awarded to date. The project will offer unobstructed panoramic waterfront and marina views. The Group has 50% interest in this project.

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With positive news of the IRs, successful BFC Tender and the Government's recent policy changes relating to the property market, sentiments have been lifted. The Group expects these positive sentiments to flow through for the rest of the year, propelling the property market forward in an upward trend.

Following the Group's strategy to diversify its operations overseas, Real Estate Capital Asia Partners, L.P. (RECAP) has acquired a prime residential land parcel at Sukhumvit in the heart of Bangkok. Preparations are in progress to develop a 600-unit luxurious condominium.

## Hotel

In line with succession planning, new presidents in Europe, US and New Zealand were appointed. M&C remains focused on the strategy to improve operational performance of the hotels and also seek expansion opportunities for on-going hotel business.

M&C continued to develop the management contract side of our business, thereby increasing our visibility to existing and new customers. In the second quarter, a new management contract was signed to manage a five star Millennium Hotel Doha in Qatar. In total, nine new management and franchise contracts were signed in the first half of the year. They include Southampton and Reading in the UK, Bangkok in Thailand, Sharm el-Sheikh in Egypt, Doha in the UAE and Hokianga, New Plymouth, Wanganui and Nelson in New Zealand.

## Group Prospects

The Group is expected to continue to remain profitable over the next 12 months.

## 11. Dividend

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

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

Yes.

On 13 May 2005, the Board of Directors, pursuant to the recommendation of the Audit Committee, declared the payment of a non-cumulative preference dividend to holders of City Developments Limited Non-redeemable Convertible Non-cumulative Preference Shares of \$0.05 each ("Preference Shares") in accordance with the terms of issue of the Preference Shares. The preference dividend for each Preference Share is calculated at the dividend rate of 3.9% (net) per annum of the issue price of \$1.00 for each Preference Share on the basis of 181 days, being the actual number of days comprised in the dividend period from 31 December 2004 to 29 June 2005, divided by 365 days. The preference dividend was paid on 30 June 2005.

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Name of Dividend	Preference Dividend
Dividend Type	Cash
Dividend Amount per Preference Share (in cents)	1.93 cents (net) per Preference share
Dividend rate (in %)	3.9% (net) per annum on the issue price of each Preference Share
Dividend period	From 31 December 2004 to 29 June 2005 (both dates inclusive)
Par value of Preference Shares	\$0.05 per Preference Share
Issue price of Preference Shares	\$1.00 per Preference share
Tax rate	20%

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

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

None.

**(c) Date payable**

Not applicable.

**(d) Books Closure Date for Non-redeemable Convertible Non-cumulative Preference Shares of \$0.05 each (the "Preference Shares")**

Not applicable.

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

No ordinary dividend has been declared or recommended for the current financial period under review.

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## 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	
	2005	2004	2005	2004 (restated)
<u>Revenue</u>	S\$'000	S\$'000	S\$'000	S\$'000
Property Development	67,303	118,050	133,748	272,927
Hotel Operations	466,400	413,717	869,572	797,529
Rental Properties	39,154	44,120	78,905	90,528
Others	12,040	8,689	20,683	17,939
	<u>584,897</u>	<u>584,576</u>	<u>1,102,908</u>	<u>1,178,923</u>
<u>Profit before tax (*)</u>				
Property Development	7,367	21,592	22,468	52,482
Hotel Operations	56,809	40,410	116,118	47,772
Rental Properties	4,249	5,764	21,013	16,759
Others	1,255	154	2,462	1,181
	<u>69,680</u>	<u>67,920</u>	<u>162,061</u>	<u>118,194</u>

\* includes share of after-tax profit from jointly controlled entities and associated companies.

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 decreased by \$50.8 million (or 43.0%) to \$67.3 million (2004: \$118.1 million) and \$139.2 million (or 51.0%) to \$133.7 million (2004: \$272.9 million) for Q2 and 1H respectively.

Pre-tax profit decreased by \$14.2 million (or 65.9%) to \$7.4 million (2004: \$21.6 million) and \$30.0 million (or 57.2%) to \$22.5 million for Q2 and 1H respectively.

Projects that contributed to both revenue and profit include Savannah CondoPark, The Pier at Robertson, Monterey Park and The Esparis. In addition, the Group continued to recognise profit from Edelweiss Park which is a project developed by a jointly controlled entity of the Group.

The decrease in revenue and pre-tax profit is mainly on account of completion of Goldenhill Park, Changi Rise and Nuovo EC during 2004.

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## Hotel Operations

Revenue improved by \$52.7 million (or 12.7%) to \$466.4 million (2004: \$413.7 million) and \$72.1 million (or 9.0%) to \$869.6 million (2004 : \$797.5 million) for Q2 and 1H respectively.

Pre-tax profit increased by \$16.4 million to \$56.8 million (2004: \$40.4 million) and \$68.3 million to \$116.1 million (2004: \$47.8 million) for Q2 and 1H respectively.

The increase in both revenue and pre-tax profit resulted from the improvement in RevPAR across all regions and profit contribution of £12.8 million (approximately S\$39.8 million) from the settlement of Millenium Hilton insurance dispute.

## Rental Properties

Revenue decreased by \$4.9 million to \$39.2 million (2004: \$44.1 million) and \$11.6 million to \$78.9 million (2004: \$90.5 million) for Q2 and 1H respectively mainly due to lower rental income following the disposal of the Birkenhead Shopping Centre and Marina in Q4 2004 .

Pre-tax profit of \$4.2 million (2004: \$5.8 million) and \$21.0 million (2004: \$16.8 million) were achieved for Q2 and 1H respectively. The increase for 1H resulted from the gain on disposal of MyeongDong Central Building in Seoul, held by a jointly controlled entity in which the Group has a 50% interest. This has been partially offset by the absence of rental income following the sale of Birkenhead Shopping Centre and Marina last year.

## Others

Revenue comprises mainly income from hotel management, building maintenance contracts, project management, club operations and dividend income.

Revenue for Q2 increased by \$3.3 million to \$12.0 million (2004: \$8.7 million) and by \$2.8 million to \$20.7 million for 1H (2004: \$17.9 million).

Pre-tax profit for this segment improved by \$1.1 million to \$1.3 million (2004: \$0.2 million) for Q2 and \$1.3 million to \$2.5 million (2004: \$1.2 million) for 1H.

Revenue and pre-tax profits improved mainly on account of higher project management fees received.

## 15. A breakdown of sales.

	<-----The Group----->					
	2005			2004		
	Q1 S\$'000	Q2 S\$'000	1H S\$'000	Q1 S\$'000	Q2 S\$'000	1H S\$'000
Sales	518,011	584,897	1,102,908	594,347	584,576	1,178,923
Operating profit after tax before minority interests	60,992	46,357	107,349	56,331	59,441	115,772

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

	Full Year 2004 S\$'000	Full Year 2003 S\$'000
Ordinary	52,786	49,631
Special	-	330,874
Preference	7,248	-
<b>Total</b>	<b>60,034</b>	<b>380,505</b>

The first and final ordinary dividend for 2004 of 15% per ordinary share less 20% tax has been approved by the ordinary shareholders at the Annual General Meeting and the dividend amounts are based on the number of issued ordinary shares as at 5 May 2005.

**17. Interested Person Transactions**

Interested Persons	Aggregate value of all interested person transactions conducted for the quarter ended 30 June 2005 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Hong Leong Investment Holdings Pte. Ltd. Group of companies	Property-related: <i>(leases, project management, property management and maintenance, marketing and accounting and administrative services)</i> <p style="text-align: right;"><u>\$ 2,399,520</u></p>
Directors and their immediate family members	Nil

**BY ORDER OF THE BOARD**

Shufen Loh @ Catherine Shufen Loh  
Company Secretary  
11 August 2005