Listed Companies' Announcement

CITY DEVELOPMENTS LIMITED

Proforma Half Year Financial Statement And Dividend Announcement

Half-year financial statement on consolidated results for the six months ended 30 June 2001.
These figures have not been audited.

		Group			Company		
		S$'000		%	S$'000		%
		Latest half year	Previous half year	Change	Latest half year	Previous half year	Change
1.(a)	Turnover	1,164,232	1,197,259	(2.8)	210,844	59,750	252.9
1.(b)	Investment income	1,993	1,359	46.7	36,086	6,077	493.8
1.(c)	Other income including interest income	31,046	63,856	(51.4)	23,547	21,786	8.1
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, and exceptional items	380,233	498,815	(23.8)	122,840	112,578	9.1
2.(b)(i)	Interest on borrowings	119,795	125,043	(4.2)	26,407	15,401	71.5
2.(b)(ii)	Depreciation and amortisation	97,048	122,626	(20.9)	7,235	6,605	9.5
2.(c)	Exceptional items	0	0	0	0	0	0
2.(d)	Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, and exceptional items	163,390	251,146	(34.9)	89,198	90,572	(1.5)
2.(e)	Income derived from associated companies	22,922	45,423	(49.5)	0	0	0
2.(f)	Less income tax	45,078	91,476	(50.7)	21,201	24,693	(14.1)

2.(g)(i)	Operating profit after tax before deducting minority interests	141,234	205,093	(31.1)	67,997	65,879	3.2
2.(g)(ii)	Less minority interests	38,119	47,995	(20.6)	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	103,115	157,098	(34.4)	67,997	65,879	3.2
2.(i)(i)	Extraordinary items	0	0	0	0	0	0
2.(i)(ii)	Less minority interests	0	0	0	0	0	0
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	0	0	0	0
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	103,115	157,098	(34.4)	67,997	65,879	3.2

Group Figures			
		Latest half year	**Previous half year**
3.(a)	Earnings per share based on 2(h) above after deducting any provision for preference dividends:-		
3.(a)(i)	Based on existing issued share capital	12.9 cents	19.6 cents
3.(a)(ii)	On a fully diluted basis	NA	NA
3.(b)	Earnings per share based on 2(j) above:- (i) Based on existing issued share capital	12.9 cents	19.6 cents
	(ii) On a fully diluted basis	NA	NA
3.(c)	Net tangible asset backing per ordinary share	$5.00	$4.79

The calculations of basic earnings per share (refer to items 3(a)(i) and 3(b)(i)) are based on profit after taxation and minority interests of $103,115,000 (2000: $157,098,000) and 801,021,724 ordinary shares in issue.

Net tangible asset backing per share (refer to item 3(c)) is based on book value of our assets in accordance with the Group's accounting policy.

4.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

Taxation is based on profit for the period adjusted for items disallowed for tax purposes. The tax charge for the Group includes an overprovision of $4,949,000 (2000: overprovision of $254,000) in respect of prior years.

4.(b) Amount of any pre-acquisition profits

NIL

4.(c) Amount of profits on any sale of investments and/or properties

Sale of investments/properties	$Profit/(Loss)
2001	$0.00
2000	$0.00

4.(d) Any other comments relating to Paragraph 4

Item 4(c) relates to profit on sale of long term equity investments only.

5.(a) Review of the performance of the company and its principal subsidiaries

For the period under review ended 30 June 2001, Group turnover was $1,164.2 million, against $1,197.3 million in 2000 mainly because of lower sales from hotel operations in North America. After-tax profits was $103.1 million (2000: $157.1 million) due mainly to less profit contribution from property development. After adjusting for Singapore GAAP, contribution from hotel subsidiary, Millennium & Copthorne Hotels plc ("M&C"), increased to $33.2 million, up from $30.5 million in 2000, due partly to a lower tax charge.

Earnings per share was 12.9 cents (2000: 19.6 cents). Net tangible asset per share computed on the basis of book value increased by 21 cents to $5.00 (2000: $4.79).

Property

The first half of 2001 continued to be a challenging period. Singapore entered into a technical recession with a decline in GDP for two consecutive quarters. In the second quarter alone, GDP declined by more than 10% on an annualised quarter-on-quarter basis. This, as well as the marked slowdown in the US economy, had an impact on the already weak property market in Singapore. Residential property prices declined by another 5% in the first half of the year, following the 1% drop in prices for the whole of 2000. Take-up rate of new residential units remained modest at 2,227 units, compared with an annualised average take up rate over the last 10 years of approximately 3,500 units per half year. As a result of this decline in prices and the continued low transaction volume, the Group had to time and reschedule project launches in accordance with the market demands.

The Group received favourable response to the launch of Phase 1 of its new freehold condominium project, Goldenhill Park. Over 180 units out of 273 units launched have been sold. The land for this development was acquired in 1999 and reasonable profit margins can be expected.

The slowdown in the world economy also had an impact on the demand for offices in Singapore, particularly in the second quarter of 2001. However, as new office supply was limited, occupancy was not adversely affected. In addition, the Group's rental portfolio due for renewal this year was mostly committed at lower rates during the Asian financial crisis of 1997/8, thus providing a cushioning effect for the current soft rental rates. Overall, net rental income for the Group increased slightly due to improved occupancy.

Meanwhile, the Group had continued to keep a look out for niche opportunities and, in this connection, bought a plot of prime land at a very competitive price. The Group holds an 80% stake in the piece of freehold land at Robertson Quay fronting the Singapore River. The land comprising approximately 65,000 square feet costs $77.8 million.

Hotels

Turnover in the first half for M&C was £313.5 million (2000: £322.2 million).

Together with other operators, M&C experienced the impact of an uncertainty in the world's leading economies primarily emanating from the US, particularly in the second quarter of this year. In addition, M&C's results for the first half, which are set against a strong performance in exceptional conditions in the comparable period in 2000, also reflect the impact of the disruption arising from the substantial capital investment programme aimed at repositioning many of the Regal hotels in the US.

M&C's acquisition strategy has given it scale, which M&C believes is essential in a consolidating industry. The result is a well-diversified portfolio of hotels, some of which are famous landmark hotels, which has reduced M&C's reliance on particular markets. M&C's operating profit generated by its portfolio of 86 hotels is now evenly distributed across three regions: the US, Europe and Asia-Pacific.

As part of the ongoing negotiations as reported in its 2000 Annual Report, M&C recently made available additional funding of £5.1 million to provide working capital to the Stuttgart operations. The whole process of renegotiating the management contract terms is ongoing and, whilst there is no certainty that this will be successfully completed, M&C believes that the overall outcome will enable it to operate on a more favourable basis going forward.

5.(b) A statement by the Directors of the Company on whether "any item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the date to which the report refers and the date on which the report is issued". If none, to include a negative statement.

The Directors are of the view that no item, transaction or event of a material and unusual nature has arisen in the interval between six months ended 30 June 2001 and the date of this announcement which would substantially affect the results of the period under review.

6. Commentary on current year prospects

Property

The second half of 2001 is expected to remain challenging. The original GDP estimate for the year has been revised downwards to between 0.5% to 1.5% currently. However, most forecasts presently projected that the technical recession is unlikely to be protracted.

The residential property market appears to have bottomed out in the lower price segment. This is evident in the strong demand for new executive condominium projects and a healthy take-up rate for 99-year private condominiums within the price range of $450 to $550 per square foot.

The Group launched its Changi Rise Condominium project in July and received an overwhelming response. Over 240 of the 297 units under Phases 1 and 2 were sold within 3 weeks of the official launch. In the same month, the Group also launched Burlington Square Residences, a mid-range priced project in which it has a 25% share. The response was good, with sales of 125 out of 179 units within a month. Notwithstanding the fact that these two properties were acquired in 1999, the projects are expected to yield good profit margins.

In view of the response to its recent launches, the Group will launch, in the second half of this year, Phase 2 of Goldenhill Park (117 units), the remaining phase of Changi Rise (301 units) and the eagerly awaited executive condominium project (297 units) at Ang Mo Kio.

The positive outlook for this lower- to mid-priced market segment will continue to underpin property development profitability in the short term while the cyclical downturn runs its full course. This is particularly relevant for the Group which holds some of its landbank at very competitive prices. The Group adopts a realistic view towards the property market and, in so far as possible and practicable, avoids engaging in a serious price war that will affect its customers, shareholders and profitability.

Importantly, the supply side of the equation is expected to become more orderly, following the government's earlier action to cut down land supply through the introduction of the reserve list system.

This latest measure by the government, together with interest rates at a historical low, should help to provide a measure of stability in the property market, provided of course there is no unwarranted price war.

Office rental is likely to come under some downward pressure due to the slowing economy and rental for the year is expected to decline slightly.

Hotels

M&C has now largely completed its refurbishment of the acquired hotels. Its well-balanced portfolio positions the company to compete both within the current challenging climate and in the future.

Group prospects

The Group continues to take a realistic view of the challenges and opportunities that lie ahead, in particular the residential market trend. Barring any unforeseen circumstances, the Group is expected to remain profitable.

7. Dividend

(a) Any dividend declared for the present financial period? None

(b) Any dividend declared for the previous corresponding period? None

(c) Date payable

Not applicable.

(d) Books closing date

Not applicable.

(e) Any other comments relating to Paragraph 7

NIL

8. Details of any changes in the company's issued share capital

There was no change in the company's issued share capital during the first half of the year.

9. Comparative figures of the group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 30/06/2001		As at 31/12/2000	
Secured	Unsecured	Secured	Unsecured
$367,968,000	$958,628,000	$1,242,618,000	$387,606,000

(b) Amount repayable after one year

As at 30/06/2001 **As at 31/12/2000**

Secured	Unsecured	Secured	Unsecured
$2,571,914,000	$1,357,923,000	$1,831,318,000	$1,427,805,000

(c) Any other comments relating to Paragraph 9

NIL

10. Balance sheet

NIL

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
06/09/2001