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News Release: CDL Continues to Strengthen its Performance - Records 36.2% Increase in Profit for Half Year Ended 30 June 2010 * Financial Statement And Related Announcement

* Asterisks denote mandatory information

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Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2010

Description	Please refer to the attached News Release issued by City Developments Limited on 12 August 2010.

Attachments

Press_release_CDL_1H2010_Results.pdf
Total size = **44K**
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News Release

12 August 2010

CDL CONTINUES TO STRENGTHEN ITS PERFORMANCE – RECORDS 36.2% INCREASE IN PROFIT FOR HALF YEAR ENDED 30 JUNE 2010

City Developments Limited (CDL) today announced its unaudited financial results for the second quarter and half year ended 30 June 2010.

<u>Second Quarter and Half Year 2010 Financial Highlights</u>

- The Group continues to register improvements in its performance as compared to corresponding periods in 2009:

- Revenue:	Q2 2010 -	$941.7 million	(increase of 19.6%)
	1H 2010 -	$1,692.1 million	(increase of 20.0%)
- PATMI*:	Q2 2010 -	$164.6 million	(increase of 17.6%)
	1H 2010 -	$304.0 million	(increase of 36.2%)

- Basic earnings per share improved correspondingly for Q2 2010 and 1H 2010 by 18.4% to 17.4 cents and 37.4% to 32.7 cents respectively.

- The Group's gearing ratio remains healthy at 36%, without considering any fair value gains on investment properties, with interest cover at 19.5 times as at 30 June 2010.

<u>Operations Review and Prospects</u>

- The rapid economic expansion that Singapore is experiencing should help sustain market confidence, and residential sales volume is likely to remain reasonably buoyant over the next few months.
- In the residential and office sector, the demand for private housing and increase in leasing activity remains healthy.

Residential

- The Group's property development segment remained the main contributor to profit, accounting for more than 50% of the Group's profit before tax for both Q2 and 1H 2010.

- Following the sell-out success of its two latest project launches, the joint-venture 429-unit Tree House and 157-unit 368 Thomson, and continuing healthy demand, the Group has planned two more new launches, in phases, in the coming months:

(i)	NV Residences at Pasir Ris	642 units
(ii)	Redevelopment of Copthorne Orchid Hotel at Dunearn Road *(54% owned by the Group)*	150 units

Commercial

- The rental properties segment continued to be second largest contributor to profit for 1H 2010 due to the gains recognised on disposal of North Bridge Commercial Complex and The Office Chamber in Q1 and Q2 2010 respectively.

- Leasing momentum in the office sector remained strong in 1H 2010 and the Group's office portfolio continued to perform well with an occupancy rate of 93.0% for 1H 2010, as compared to the national average of 87.7%.

**PATMI – Profit After Tax and Minority Interest*

- The positive economic outlook for 2010 is expected to further boost demand for office space, and this is already borne out in the pre-commitment levels of upcoming new office supply. With the improving business environment, the vacant space from tenants relocating to newer buildings is expected to be backfilled by the financial institutions that are looking to hire, expansions by existing companies and new SME set-ups.

Hotels

- With the recovery of the hospitality market, particularly in Asia, coupled with effective cost management, the Group's hotel operations became the second in line in terms of profit contribution for Q2 2010.

- The Group's hotel subsidiary, Millennium & Copthorne Hotels plc (M&C) registered a strong improvement in revenue and profit, with a net profit after tax and minority interests of £25.0 million in Q2 2010, an increase of 56.3% year-on-year, and £37.2 million in 1H 2010. The strong recovery in profits is a reflection of continuing and effective cost management discipline amidst better trading conditions.

- Overall, demand has been strong in most of M&C's markets. For M&C's operations in July, global RevPAR increased by 14.3%.

- With the opening of the Integrated Resorts (IRs), the hospitality market in Singapore is enjoying robust growth, with monthly visitors reaching the 1 million mark. Despite the increased supply of hotel rooms created by the IRs, hotels across the board are enjoying high occupancies and rising room rates. The upward pressure on hotel values will intensify further when annual visitors eventually hit the Government's 17 million target.

Overseas Expansion

- With the regulatory tightening of China's property market, the time may be ripe soon for the Group to pick up valuable land bank and/or investment properties at the right price

- With this in mind, CDL China Limited, the Group's wholly-owned subsidiary, will be stepping up efforts to focus on establishing CDL's presence in certain cities throughout China and implementing the Company's real estate strategy. Investment funds amounting to $300 million would initially be allocated for this purpose

- While the Group continues to seek opportunities overseas, in the meantime, its focus will remain firmly rooted in Singapore, where it knows the environment best and serves as a proxy to the Singapore real estate market

Commenting, Mr Kwek Leng Beng, CDL Executive Chairman said:
"Riding on the back of Singapore's strong economic growth for 2010, the positive sentiments will be beneficial to all of the Group's business segments comprising mainly property development, hotel operations and rental properties. However, the Group is cognizant that the euphoria of the strong growth needs to be measured and taken into its context as there are still many external risks in the world economy, especially in Europe and US, with its possible impact yet to be determined. As the global financial systems have not been fully restored, there is a real need to stay vigilant and nimble."

"While the Group is optimistic that sustained, measured growth is attainable, it adopts a pragmatic approach that this can be achieved through strategic and careful planning and execution of its management strategies. The Group will continue to launch appropriate properties at the right time, taking into account market conditions. In the meantime, it has already locked-in a number of successful pre-sold developments. For the rental and hospitality sector, the Group will continue to seize the opportunities that have arisen due to the strong growth momentum, fuelled by expansion plans for businesses and increase in leisure and business travellers.

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

Please refer to CDL's full unaudited financial results announcement for the second quarter and half year ended 30 June 2010 for a detailed review of the Group's performance and prospects.

For media enquiries, please contact:

Belinda Lee
Asst General Manager, Head (Corporate Comms)
City Developments Limited
(Regn No: 196300316Z)
Tel: (65) 6428 9315

Gerry De Silva
Head, Group Corporate Affairs
Hong Leong Group, Singapore
Tel: (65) 6428 9308 / 6438 3110