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Unaudited First Quarter 2012 * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	CITY DEVELOPMENTS LIMITED
Company Registration No.	196300316Z
Announcement submitted on behalf of	CITY DEVELOPMENTS LIMITED
Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Enid Ling Peek Fong
Designation *	Company Secretary
Date & Time of Broadcast	10-May-2012 18:04:37
Announcement No.	00118

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2012

Description	

Attachments

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CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012

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 Three months ended 31 March		Incr/ (Decr)
	2012 S$'000	2011 S$'000	%
Revenue	846,733	773,745	9.4
Cost of sales	(479,430)	(364,841)	31.4
Gross profit	367,303	408,904	(10.2)
Other operating income (2)	45,820	149,723	(69.4)
Administrative expenses (3)	(123,085)	(125,661)	(2.0)
Other operating expenses (4)	(80,078)	(100,112)	(20.0)
Profit from operating activities	209,960	332,854	(36.9)
Finance income (5)	11,078	7,488	47.9
Finance costs (6)	(20,213)	(21,611)	(6.5)
Net finance costs	(9,135)	(14,123)	(35.3)
Share of after-tax profit of associates (7)	7,257	4,118	76.2
Share of after-tax profit of jointly-controlled entities (8)	7,538	14,036	(46.3)
Profit before income tax (1)	215,620	336,885	(36.0)
Income tax expense (9)	(19,379)	(37,940)	(48.9)
Profit for the period	196,241	298,945	(34.4)
Attributable to:			
Owners of the Company	**156,751**	**282,342**	(44.5)
Non-controlling interests	39,490	16,603	137.8
Profit for the period	196,241	298,945	(34.4)
Earnings per share			
- basic	17.2 cents	31.1 cents	(44.7)
- diluted	16.4 cents	29.6 cents	(44.6)

Notes to the Group's Income Statement:

(1) Profit before income tax includes the following:

	Three months ended 31 March	
	2012	**2011**
	S$'000	**S$'000**
Interest income	8,038	7,097
Profit on realisation of investments in financial assets and sale of investment properties and property, plant and equipment (net)	40,877	147,942
Gain on disposal of a jointly-controlled entity	-	1,465
Investment income	256	10
Depreciation and amortisation	(35,244)	(33,921)
Interest expenses	(17,641)	(15,233)
Net exchange gain	5,202	361
Net change in fair value of financial assets at fair value through profit or loss:		
- held for trading	3,040	(3,231)
- designated as such upon initial recognition	-	145
Impairment loss on loans to a jointly-controlled entity	(237)	(240)

(2) Other operating income comprises mainly management fee, miscellaneous income and profit on sale of investments, investment properties and property, plant and equipment. This had decreased by $103.9 million to $45.8 million (Q1 2011: $149.7 million) in Q1 2012. This was primarily due to gains on the disposal of The Corporate Office and a strata unit in GB Building in Q1 2011, and no similar gains in Q1 2012. The decrease in other operating income was partially mitigated by a gain on realisation of certain long-term financial assets.

(3) Administrative expenses, which comprise primarily depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses, had remained relatively constant at $123.1 million (Q1 2011: $125.7 million) for Q1 2012.

(4) Other operating expenses comprise mainly property taxes and insurance on hotels, other operating expenses on hotels, net exchange differences and professional fees. This had decreased by $20.0 million to $80.1 million (Q1 2011: $100.1 million) in Q1 2012 mainly due to higher net exchange gains recognized in Q1 2012, lower operating expenses incurred by Millennium Hotel & Resort Stuttgart whose lease expired on August 2011 as well as continued effort to control hotel expenses.

(5) Finance income comprises mainly interest income and fair value gain on financial assets held for trading. This had increased by $3.6 million to $11.1 million (Q1 2011: $7.5 million) in Q1 2012 on account of higher fair value gains recorded on financial assets held for trading and increase in interest income.

(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 had remained relatively constant at $20.2 million (Q1 2011: $21.6 million) in Q1 2012.

(7) Share of after-tax profit of associates relates primarily to the Group's share of results of CDL Hospitality Trusts (CDLHT) and First Sponsor Capital Limited (FSCL) which are both held via the Company's 55% owned subsidiary, Millennium & Copthorne Hotels plc. The increase for Q1 2012 by $3.1 million was mainly due to increased contribution from CDLHT and lower losses incurred by FSCL.

(8) Share of after-tax profit of jointly-controlled entities decreased by $6.5 million to $7.5 million (Q1 2011: $14.0 million) mainly due to lower contributions from The Gale, partially offset by maiden contribution from another joint venture project, Hedges Park.

(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, and after adjustment for overprovision of taxation in prior periods of $18.3 million (Q1 2011: $7.1 million).

The overall effective tax rate of the Group for Q1 2012 was 9.0% (Q1 2011: 11.3%). Excluding the over provision in respect of prior periods, the effective tax rate of the Group for Q1 2012 would be 17.5% (Q1 2011: 13.4%).

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 31.03.2012 S$'000	As at 31.12.2011 S$'000	As at 31.03.2012 S$'000	As at 31.12.2011 S$'000
Non-current assets					
Property, plant and equipment	(1)	3,367,797	3,313,182	9,132	9,192
Investment properties	(1)	3,106,805	2,907,181	526,602	525,164
Lease premium prepayment		87,382	90,460	-	-
Investments in subsidiaries		-	-	2,221,818	2,221,805
Investments in associates		408,944	420,966	-	-
Investments in jointly-controlled entities		666,158	674,272	36,360	36,360
Investments in financial assets	(2)	108,440	156,739	27,595	23,752
Other non-current assets		319,424	314,120	230,171	233,148
		8,064,950	**7,876,920**	**3,051,678**	**3,049,421**
Current assets					
Development properties		3,231,656	3,243,875	706,670	700,183
Lease premium prepayment		2,564	2,635	-	-
Consumable stocks		8,594	8,825	46	66
Financial assets		28,818	26,288	-	-
Trade and other receivables		1,270,374	1,200,918	4,335,896	4,224,478
Cash and cash equivalents		2,642,000	2,603,005	1,500,218	1,572,120
		7,184,006	**7,085,546**	**6,542,830**	**6,496,847**
Total assets		**15,248,956**	**14,962,466**	**9,594,508**	**9,546,268**
Equity attributable to Owners of the Company					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		4,971,693	4,835,408	3,429,735	3,384,601
		6,963,090	6,826,805	5,421,132	5,375,998
Non-controlling interests		1,892,886	1,869,199	-	-
Total equity		**8,855,976**	**8,696,004**	**5,421,132**	**5,375,998**
Non-current liabilities					
Interest-bearing borrowings*		2,833,812	2,929,322	1,504,080	1,506,060
Employee benefits		36,895	35,989	-	-
Other liabilities	(1)	114,405	96,898	166,070	166,825
Provisions		17,559	17,703	-	-
Deferred tax liabilities		338,793	367,304	40,791	41,620
		3,341,464	**3,447,216**	**1,710,941**	**1,714,505**
Current liabilities					
Trade and other payables		1,040,551	981,845	1,134,028	1,148,587
Interest-bearing borrowings*		1,616,543	1,476,508	1,151,876	1,135,304
Employee benefits		16,062	15,707	2,257	2,479
Other liabilities		78	75	-	-
Provision for taxation		351,064	321,074	174,274	169,395
Provisions		27,218	24,037	-	-
		3,051,516	**2,819,246**	**2,462,435**	**2,455,765**
Total liabilities		**6,392,980**	**6,266,462**	**4,173,376**	**4,170,270**
Total equity and liabilities		**15,248,956**	**14,962,466**	**9,594,508**	**9,546,268**

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

Notes to the statement of financial position of the Group

1) The increases were mainly due to the acquisition of a group of foreign entities in January 2012 which has interests in 2 retail developments and a hotel.

2) The decrease in financial assets was mainly due to the realisation of investments in a real estate private fund.

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 31.03.2012 S$'000	As at 31.12.2011 S$'000
Unsecured			
- repayable within one year		1,520,098	1,418,312
- repayable after one year		1,878,084	2,003,261
	(a)	3,398,182	3,421,573
Secured			
- repayable within one year		98,393	60,614
- repayable after one year		965,473	936,689
	(b)	1,063,866	997,303
Gross borrowings	(a) + (b)	4,462,048	4,418,876
Less: cash and cash equivalents		(2,642,000)	(2,603,005)
Net borrowings		1,820,048	1,815,871

Details of any collateral

Where secured, borrowings are collateralised by:

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

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.

	Three months ended 31 March	
	2012	2011
	S$'000	S$'000
Operating Activities		
Profit for the period	196,241	298,945
Adjustments for:		
Depreciation and amortisation	35,244	33,921
Dividend income	(256)	(10)
Equity settled share-based transactions	1,198	1,123
Finance costs	20,213	21,611
Finance income	(11,078)	(7,488)
Gain on disposal of a jointly-controlled entity	-	(1,465)
Impairment loss on loans to a jointly-controlled entity	237	240
Income tax expense	19,379	37,940
Profit on sale of property, plant and equipment and investment properties	(48)	(147,818)
Profit on realisation of investments in financial assets	(40,829)	(124)
Property, plant and equipment written off	-	23
Share of after-tax profit of associates	(7,257)	(4,118)
Share of after-tax profit of jointly-controlled entities	(7,538)	(14,036)
Units in an associate received in lieu of fee income	(2,488)	(2,114)
Operating profit before working capital changes	203,018	216,630
Changes in working capital		
Development properties	20,665	(25,298)
Stocks, trade and other receivables	(96,576)	(223,292)
Trade and other payables	56,445	92,654
Employee benefits	148	472
Cash generated from operations	183,700	61,166
Income tax paid	(14,123)	(14,111)
Cash flows from operating activities carried forward	**169,577**	**47,055**

	Three months ended 31 March 2012 S$'000	Three months ended 31 March 2011 S$'000
Cash flows from operating activities brought forward	**169,577**	**47,055**
Investing Activities		
Acquisition of subsidiaries, net of cash acquired	(208,017)	-
Capital expenditure on investment properties	(15,885)	(2,400)
Dividends received		
- an associate	19,457	17,812
- financial investments	256	10
- jointly-controlled entities	13,356	3,219
Interest received	5,109	2,543
Increase in investments in jointly-controlled entities	(3,544)	(3,842)
Proceed from disposal of a jointly-controlled entity	-	1,465
Payments for purchase of property, plant and equipment	(42,050)	(21,773)
Proceeds from sale of property, plant and equipment and investment properties	463	222,923
Proceeds from realisation of/(Investments in) financial assets	90,375	(21,212)
Cash flows (used in)/from investing activities[(1)]	(140,480)	198,745
Financing Activities		
Repayment by/(Advances to) related parties	39,261	(1,991)
Capital contribution by non-controlling interests	18	1,404
Dividends paid	-	(1,330)
Interest paid (including amounts capitalised as investment properties, property, plant and equipment and development properties)	(22,516)	(22,544)
Net proceeds from revolving credit facilities and short-term bank borrowings	67,122	299,207
Payment of financing transaction costs	(318)	(3,035)
Proceeds from bank borrowings	-	12,992
Proceeds from issuance of bonds and notes	100,000	55,000
Repayment of bank borrowings	(170,299)	(70,344)
Repayment of bonds and notes	-	(100,000)
Increase in/(Repayment of) other long-term liabilities	10	(99)
(Repayment of)/Increase in finance lease	(3)	4
Cash flows from financing activities[(2)]	13,275	169,264
Net increase in cash and cash equivalents	**42,372**	**415,064**
Cash and cash equivalents at beginning of the period	2,487,580	1,872,974
Effect of exchange rate changes on balances held in foreign currencies	(3,437)	(4,730)
Cash and cash equivalents at end of the period	**2,526,515**	**2,283,308**
Cash and cash equivalents comprise:-		
Cash and cash equivalents as shown in the statement of financial position	2,642,000	2,283,879
Less: Bank overdrafts	(115,485)	(571)
	2,526,515	**2,283,308**

Notes to the statement of cash flows

(1) The Group had a net cash outflow from investing activities for Q1 2012 of $140.5 million (Q1 2011: net cash inflow of $198.7 million). The net cash outflow for Q1 2012 was due to acquisition of a group of foreign entities which has interests in 2 retail developments and a hotel. This was partially offset by proceeds from realisation of investments in a real estate private fund. The net cash inflow for Q1 2011 was primarily due to the proceeds from the sale of The Corporate Office and a strata unit in GB Building in that quarter.

(2) The Group had a net cash inflow from financing activities for Q1 2012 of $13.3 million (Q1 2011: $169.3 million) due to net repayment of bank borrowings and issuance of bonds and notes of $3.2 million in current quarter as compared to net proceeds from bank borrowings and issuance of bonds and notes of $196.9 million in the corresponding quarter in 2011.

1(d) Consolidated Statement of Comprehensive Income

	The Group Three months ended 31 March	
	2012	**2011**
	S$'000	**S$'000**
Profit for the period	196,241	298,945
Other comprehensive income:		
Actuarial loss on defined benefit plans	(861)	-
Change in fair value of equity investments available for sale	3,678	764
Effective portion of changes in fair value of cash flow hedges	435	997
Exchange differences on hedges of net investment in foreign entities	5,026	7,440
Exchange differences on monetary items forming part of net investment in foreign entities	146	(6,117)
Share of other reserve movements of associates	243	(175)
Translation differences arising on consolidation of foreign entities	(47,527)	(40,279)
Other comprehensive income for the period, net of income tax	**(38,860)**	**(37,370)**
Total comprehensive income for the period	**157,381**	**261,575**
Attributable to:		
Owners of the Company	**136,056**	**270,551**
Non-controlling interests	21,325	(8,976)
Total comprehensive income for the period	**157,381**	**261,575**

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.

	<--------Attributable to owners of the Company-------->							
The Group	**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 2012	1,991.4	148.9	7.4	(320.2)	4,999.3	6,826.8	1,869.2	8,696.0
Profit for the period	-	-	-	-	156.7	156.7	39.5	196.2
<u>Other comprehensive income</u>								
Acturial gains on defined benefit plans	-	-	-	-	(0.4)	(0.4)	(0.4)	(0.8)
Change in fair value of equity investments available for sale	-	-	3.7	-	-	3.7	-	3.7
Effective portion of changes in fair value of cash flow hedges	-	-	0.2	-	-	0.2	0.2	0.4
Exchange differences on hedges of net investment in foreign entities	-	-	-	2.7	-	2.7	2.3	5.0
Exchange differences on monetary items forming part of net investment in foreign entities	-	-	-	1.2	-	1.2	(1.0)	0.2
Share of other reserve movements of associates	-	-	0.1	-	-	0.1	0.1	0.2
Translation differences arising on consolidation of foreign entities	-	-	-	(28.1)	-	(28.1)	(19.4)	(47.5)
Other comprehensive income for the period, net of income tax	-	-	4.0	(24.2)	(0.4)	(20.6)	(18.2)	(38.8)
Total comprehensive income for the period	-	-	4.0	(24.2)	156.3	136.1	21.3	157.4
Transactions with owners, recorded directly in equity								
<u>Contributions by and distributions to owners</u>								
Acquisition of a subsidiary	-	-	-	-	-	-	1.6	1.6
Share-based payment transactions	-	-	0.5	-	-	0.5	0.5	1.0
Share options exercised	-	-	(0.3)	-	-	(0.3)	0.3	-
At 31 March 2012	1,991.4	148.9	11.6	(344.4)	5,155.6	6,963.1	1,892.9	8,856.0
At 1 January 2011	1,991.4	148.1	23.9	(322.4)	4,421.5	6,262.5	1,717.7	7,980.2
Profit for the period	-	-	-	-	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 associates			(0.1)			(0.1)	(0.1)	(0.2)
Translation differences arising on consolidation of foreign entities	-	-	-	(10.5)	-	(10.5)	(29.8)	(40.3)
Other comprehensive income for the period, net of income tax	-	-	1.2	(12.9)	-	(11.7)	(25.6)	(37.3)
Total comprehensive income for the period	-	-	1.2	(12.9)	282.3	270.6	(9.0)	261.6
Transactions with owners, recorded directly in equity								
<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

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

The Company	Share Capital S$m	Capital Reserve S$m	Fair Value Reserve S$m	Other Reserve** S$m	Accumulated Profits S$m	Total S$m
At 1 January 2012	1,991.4	63.7	6.8	5.7	3,308.4	5,376.0
Profit for the period	-	-	-	-	21.9	21.9
Other comprehensive income						
Change in fair value of equity investments available for sale	-	-	3.2	-	-	3.2
Other comprehensive income for the period, net of income tax	-	-	3.2	-	-	3.2
Total comprehensive income for the period	-	-	3.2	-	21.9	25.1
Contributions by and distributions to owners						
Loan forgiveness by subsidiaries	-	-	-	20.0	-	20.0
At 31 March 2012	1,991.4	63.7	10.0	25.7	3,330.3	5,421.1
At 1 January 2011	1,991.4	63.7	13.9	-	2,763.9	4,832.9
Profit for the period	-	-	-	-	656.7	656.7
Other comprehensive income						
Change in fair value of equity investments available for sale	-	-	(0.9)	-	-	(0.9)
Other comprehensive income for the period, net of income tax	-	-	(0.9)	-	-	(0.9)
Total comprehensive income for the period	-	-	(0.9)	-	656.7	655.8
At 31 March 2011	1,991.4	63.7	13.0	-	3,420.6	5,488.7

*** Other reserve comprises loans forgiven by subsidiaries.*

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 period ended 31 March 2012.

Preference share capital

There was no change in the Company's issued preference share capital during the period ended 31 March 2012.

As at 31 March 2012, 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 (31 March 2011: 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 31 March 2012, 31 December 2011 and 31 March 2011.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2012 and 31 December 2011 is 909,301,330.

The total number of issued Preference Shares as at 31 March 2012 and 31 December 2011 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 period ended 31 March 2012.

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 2011.

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

The Group adopted the following revised Financial Reporting Standards (FRS) which took effect for financial year beginning on 1 January 2012:

Amendments to FRS 107 *Disclosures – Transfer of Financial Assets*
Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*

The adoption of these revised FRSs did not result in any significant impact on the financial statements of the Group.

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

	Three months ended 31 March	
	2012	**2011**
Basic Earnings per share (cents)	17.2	31.1
Diluted Earnings per share (cents)	16.4	29.6
Earnings per share is calculated based on:		
a) Profit attributable to owners of the Company (S$'000)	156,751	282,342
b) Weighted average number of ordinary shares in issue:		
- basic	909,301,330	909,301,330
- diluted (*)	954,300,228	954,300,228

** 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	
	31.03.2012 S$	**31.12.2011 S$**	**31.03.2012 S$**	**31.12.2011 S$**
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 31 March 2012 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2011)	7.66	7.51	5.96	5.91

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 quarter of the year (Q1 2012), the Group achieved revenue of $846.7 million (Q1 2011: $773.7 million) and an attributable profit after tax and non-controlling interests of $156.8 million (Q1 2011: $282.3 million). Accordingly, the basic earnings per share for Q1 2012 was at 17.2 cents (Q1 2011: 31.1 cents).

Though the Group's revenue increased 9.4% compared to the corresponding period in the previous year, the Group's attributable profit after tax and non-controlling interests did not register a corresponding increase due to substantial gains recognised in Q1 2011 on disposal of The Corporate Office. Included in the revenue for Q1 2012 is the sale of a warehouse at Tagore Avenue which the reversal of foreseeable losses was already factored in Q4 2011. Excluding the gains from disposal of these non-core commercial properties from Q1 2011 results, the Group's attributable profit after tax and non-controlling interests would have increased by 14.8% for Q1 2012.

In terms of pre-tax profit, the property development segment remained the largest contributor to the Group. The business segment for others, which comprises mainly management fee income, dividend income, changes in fair value of financial assets held for trading and returns from long-term financial assets, reported a significant leap in pre-tax profit for Q1 2012 at $51.5 million (Q1 2011: $0.8 million), making it the next highest contributor to the Group's pre-tax profit. This was primarily due to the gains recorded from the realisation of certain long-term financial assets invested by the Group previously. The hotel operations had also shown improvement of 30.4% in pre-tax profit. The profit contribution from rental properties was lower in Q1 2012 due to absence of gains from disposal of non-core commercial properties.

Without factoring any fair value gains on investment properties, the Group's net gearing ratio as at 31 March 2012 remained low at 21% with interest cover for Q1 2012 at 16.5 times.

Property

Advance estimates indicate that Singapore's economy expanded modestly by 1.6% on a year-on-year basis in Q1 2012, down from 3.6% growth in Q4 2011. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy grew by 9.9%, a reversal from the 2.5% contraction in the previous quarter.

The construction sector grew by 6.2% on a year-on-year basis in Q1 2012 following a growth of 2.9% in the preceding quarter. On a sequential basis, the construction sector surged 24.6%, an improvement from the contraction of 2.2% in the preceding quarter. This was primarily due to a pick-up in residential construction activities.

Q1 2012 hit a record as sales for uncompleted private residential homes surged to 6,458 units (excluding Executive Condominiums), the highest quarterly figure since 1996. This is 83% higher than 3,525 units sold in Q4 2011 and around 41% of the total volume sold in 2011. Private homes sales continued to remain high in Q1 2012 as they were powered by new launches.

Urban Redevelopment Authority (URA) data indicated that prices of private residential properties decreased marginally by 0.1% quarter-on-quarter in Q1 2012, compared with a 0.2% quarter-on-quarter increase in the previous quarter. This was the first price decline since Q2 2009, following nine consecutive quarters of price moderation.

During the quarter under review, the Group launched two new developments. In January, the Group unveiled The Rainforest – a 466-unit Executive Condominium (EC) situated close to Choa Chu Kang MRT station and Lot One Shoppers' Mall. The launch was very well received with about 94% sold to date. ECs have grown in popularity after the Government raised the monthly income ceiling for new EC purchases from $10,000 to $12,000. Subsequently on 2 March 2012, the Government raised the proportion of ECs allocated to second-timers in the first month of an EC project launch to 30% from the original 5% quota.

In February, Bartley Residences, a 702-unit condominium located along Bartley Road and Lorong How Sun was launched. This joint venture development is in close proximity to Bartley MRT Station as well as the upcoming Paya Lebar commercial hub. It is located opposite the reputable Maris Stella High School. Response to this project has been encouraging with 290 units sold out of the 350 units launched under Phase 1. This same joint venture consortium was also successful in its bid for a 99-year leasehold high-rise residential site located along Mount Vernon Road, off Bartley Road in January, which is just diagonally across Bartley Residences.

Other on-going projects continued to sell well. Blossom Residences – a 602-unit EC located next to Segar LRT station which was launched last year is now 89% sold. Nestled amongst lush greenery, it has panoramic views of the close-by nature parks including Upper Seletar Reservoir and Bukit Timah Nature Reserve.

The Palette, a joint venture 892-unit condominium, located in a residential enclave at Pasir Ris Grove and within walking distance of Pasir Ris MRT station and White Sands Shopping Mall, launched in November 2011, is now over 73% sold. Another joint venture development in the same vicinity – the 642-unit NV Residences is now fully sold.

During the quarter under review, the Group booked in profits from 368 Thomson, Cube 8, Hundred Trees and Volari. Profits were also booked in from joint venture projects such as Tree House, NV Residences, The Gale and Hedges Park. The Glyndebourne, which is developed by the Group's subsidiary Millennium & Copthorne Hotels plc (M&C), has also begun to contribute towards the profit as construction has reached the requisite stage.

However, no profit was booked for H_2O Residences, Buckley Classique, The Palette and Bartley Residences as well as the two ECs namely, Blossom Residences and The Rainforest, even though these projects have been substantially sold as the construction of these projects are still in early stages.

The Singapore office market continued to moderate due to the economic uncertainties in the global economy. URA statistics showed that overall rentals for office space decreased by 0.5% quarter-on-quarter in Q1 2012, compared to 0.3% increase in Q4 2011. The prices of office space remained unchanged in Q1 2012, compared with the 1.0% increase in the previous quarter. The island-wide vacancy rate of office space as at Q1 2012 increased to 11.7%, from 11.3% as at Q4 2011. The stock of office space increased by 97,000 square metres (sq m) in Q1 2012 and the total available office space increased marginally to 7.3 million sq m. Given the Group's diversified portfolio of investment properties, the Group's occupancy rate for its office portfolio remains healthy at 94.4% as at 31 March 2012 compared to the national average of 88.3%.

Hotel

M&C, in which the Group has a 55% interest, achieved a strong trading performance in Q1 2012. For the three months ended 31 March 2012, net profit after tax and non-controlling interests increased by 29.1% to £18.2 million (Q1 2011: £14.1 million).

M&C's strong profit performance illustrates the strength of its business model, with a rate-driven sales strategy and cost discipline enabling revenue to flow to the bottom line. Overall, in constant currency, RevPAR rose by 6.0% in Q1 2012. On a like-for-like basis (excluding the closure of the Copthorne Orchid in April 2011 for redevelopment into a condominium, closure of three Christchurch hotels following the New Zealand earthquake as well as the expiry of the lease for Millennium Hotel & Resort Stuttgart in August 2011), M&C's RevPAR grew by 5.6%. Certain key hotels have delivered strong trading performances. Singapore RevPAR rose by 7.7%, London by 7.0% and New York by 0.6%. In particular, the 21.6% RevPAR increase in Rest of Asia was underpinned by double digit growth in Kuala Lumpur, Jakarta, Beijing and with Seoul benefitting from its refurbishment in 2011.

Like-for-like, total revenue increased by 5.4% to £173.5 million (Q1 2011: £164.6 million) in constant currency terms.

In Q1 2012, M&C also strengthened its financial position, with net debt falling to £31.1 million at 31 March 2012 (31 December 2011: £100.2 million). Gearing at the end of the Q1 was 1.5%, compared to 4.8% at the end of last year and 6.9% at 31 March 2011.

The upgrading and refurbishment works of four M&C's premium destination hotels in Seoul, New York, Taipei and London are progressing well. The Millennium Seoul Hilton, which has completed a major part of its refurbishment to date, has seen a 17.1% increase in average room rate compared to Q1 2011. Since the beginning of April 2012, the west wing of Millennium UN Plaza in New York was closed for refurbishment and upgrading, with its re-opening planned in time for the UN General Assembly to be held in September 2012. At the Grand Hyatt Taipei, the renovation of guest rooms which will commence in Q3 2012, involves phased partial closure over the next two years. In addition, major refurbishment plans are being developed for Millennium Mayfair, appropriate to its status as M&C's flagship London hotel.

The Glyndebourne (former Copthorne Orchid Hotel) condominium project was launched in Q2 2011. This 150-unit development is proving to have been well-timed, with sales contracts being concluded before the recent softening of the high-end property market in Singapore. As at 16 April 2012, 144 apartments have been sold, with sales value of $522.5 million (£260.5 million) representing a price of over $2,000 (£997) per square foot. Sales proceeds collected to date total $157.7 million (£78.6 million), representing 30% of the sales value.

Demolition work has begun on the site of M&C's planned 325-room deluxe hotel in the Ginza district of Tokyo. The site was acquired in September 2011 and construction of the hotel is expected to complete by 2014.

As at 29 April 2012, First Sponsor Capital Limited (FSCL), in which M&C has a 39.3% effective interest, successfully sold (either under sales and purchase or option agreements) approximately 97% of the residential units of the Chengdu City Spring project, with approximately 99% of the sales proceeds collected. Revenue of approximately US$107 million (£67 million) by FSCL was recognised in April 2012 with some additional US$4 million (£3 million) expected to be recognised in due course upon full collection of sales proceeds. Pre-tax development profit margin on the residential units is in excess of 40%. M&C expects to recognise around US$14 million (£9 million) as its share of the profit after tax and non-controlling interests.

In addition, approximately 73% of the Chengdu City Spring commercial units launched for sale in July 2011 have been sold either under sales and purchase or option agreements with approximately 74% of the sales proceeds collected. FSCL is expected to complete the commercial units in 2013 and plans to retain a proportion of commercial units as investment assets.

Proceeds from FSCL's residential and commercial sales will finance the development of a 195-room hotel, M Hotel Chengdu, which is scheduled to open next year as part of the Chengdu City Spring project. As one of the largest trade centres in western China, Chengdu, which is the regional capital of Sichuan province, is a highly favoured destination amongst foreign investors and business travellers.

In 2011, FSCL successfully tendered for two parcels of land in Wenjiang, Chengdu, which is intended for residential and commercial development. Ground preparation works have commenced. FSCL is planning to launch its first residential phase in Q4 2012.

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 year ended 31 December 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 outlook for the global economy is slowly improving again but still remains relatively fragile. Major advanced economies are likely to resume weak recovery; while emerging and developing economies may register stronger economic growth. On the whole, real economic growth is expected to pick up gradually over the next two years from 1H 2012. Improved financial conditions, accommodative monetary policies and a similar pace of fiscal tightening as in 2011 would drive the reacceleration. However, the recovery will remain vulnerable to several major downside risks. The future of the Eurozone remains clouded by uncertainty as sovereign spreads and euro area banking system stress are expected to remain volatile for the time being. The US economy and political climate remains uncertain in the short-term.

Although the uncertainty in the United States and Europe has dampened investment sentiments in residential high-end segment, buying interest in mass market projects remained strong. Due to the genuine demand for both owner-occupation and investment, abundant liquidity in the market and supported by the low interest rate environment, new mass market residential projects that are located near MRT stations, shopping amenities or within an integrated development, would continue to do well and boost the private residential sector.

The Group is preparing to launch the trendy UP@Robertson Quay along Singapore River very shortly. With 70 luxurious apartments and loft residences it is part of an integrated development that will accommodate a 300-room new lifestyle concept hotel known as M Social. The hotel will be managed by M&C and it will be an extension of its M brand, which will provide hotel related services to the apartments at a fee. The exclusive boutique collection of 1-bedroom, 1-bedroom and study and 2-bedroom units are set to define a new standard of riverside living in the city. Thoughtfully designed, UP@Robertson Quay offers the flexibility of unique layouts to select from, catering to buyers' preferred lifestyle – to live, work and/or play in.

The second project planned for launch in 1H 2012 is HAUS@SERANGOON GARDEN – a landed housing development at Serangoon Way. Comprising 96 units of beautifully designed terrace houses, it is located within a very well-established landed housing estate with excellent amenities and facilities. Demand is expected to be good given the excellent location and the limited supply for landed housing in Singapore.

While the Group has regularly received third party interest for its units at The Residences at W Singapore Sentosa Cove, it believes that its Quayside Isle project (comprising the branded residences, the hotel and speciality retail element) as a wholly-integrated development has not yet reached its full potential. It is confident that once the 240-room W Singapore Sentosa Cove hotel is operational, expected in 2H 2012, and the retail components are completed, the Cove will be transformed with greater buzz and vibrancy. With the introduction of the "W" lifestyle hotel, accompanied with the array of chic F&B outlets, residents and visitors alike will be spoilt for choices. Then, the value of this property will be more evident.

According to the URA's statistics, there was a total supply of about 8.2 million square feet (sq ft) GFA of office space in the pipeline as at the end of Q1 2012. More supply of office space is expected to come from the GLS sites which were sold by the Government in 2011.

Based on anecdotal evidence, smaller tenants from law firms, oil and gas sectors and global consumer companies are leasing office spaces in Grade A buildings, while financial institutions are not taking on more office space. Since the start of 2012, office leasing deals have been more modest, generally at 25,000 sq ft or below, which is significantly smaller when compared to the leases of more than 100,000 sq ft committed by financial institutions during the peak in 2010. Based on URA's statistics, office rents in the Downtown Core and Orchard planning areas remained relatively stable in Q1 2012. Moving forward, the office sector is likely to remain relatively subdue.

On the other hand, real estate investments and commercial rents could also prove to be more resilient if the Singapore economy continues to recover in 2H 2012 in accordance with economists' projections.

The Group is therefore well positioned with a diversified portfolio of commercial, industrial and retail spaces in various locations that cater to different business requirements. Whether it is for expansion, downsizing or workspace solutions, the Group has the capacity to provide these offerings. The Group's rental properties are expected to remain stable.

The construction of the superstructures for the iconic South Beach development has begun. Designs for the hotel interiors have also been presented and are being fine-tuned. Uniquely, the South Beach development is one of the few biggest developments undertaken by the private sector to date, where the tender for this prime site was won by a two-envelope system based on design first, then price – which is rare in today's tendering process. The project is progressing smoothly and on schedule to complete in 2015.

Despite the political events that have taken place in Chongqing, China, CDL China Limited, the wholly-owned subsidiary of the Group, remains confident about its investments in this city. Chongqing's strengths lie in its significant population size of 33 million. Factors that will continue to propel its economy include progressive urbanisation, strong economic growth and pro-business policies. CDL China's strategy and its property operations in the city of Chongqing have not been affected. It will continue to explore further investments in China.

Hotel

With a strong balance sheet and gearing approaching zero, M&C is in a good position, both to continue investing in its hotel portfolio to improve returns and to grow the portfolio when it identifies attractive strategic investment opportunities. M&C has been actively seeking such opportunities since 2H 2011, but vendors' price expectations in key gateway cities are still too high.

In the current year, M&C will focus on driving RevPAR growth through a mainly rate-led sales and marketing approach, combined with continuing cost discipline. Over the medium-term, it will additionally grow RevPAR through the continuing roll-out of its asset management strategy.

While it is too early to predict the performance for 2012, trading to date is in line with management expectations. On a like-for-like basis, Group RevPAR in the four weeks of April 2012 increased by 8.6% with London increasing by 8.3%, Singapore increasing by 6.2% and New York decreasing by 3.7% (up by 4.6% for New York if UN Plaza is excluded).

Looking forward, M&C expects continuing healthy progress in London, Singapore and certain other Asian destinations and will focus on improving performance at its US properties.

Group Prospects

With the gradual economic recovery, though at a more cautious pace, the Group is optimistic that this will help to improve the sentiments for the high-end residential market.

The Group continues to achieve steady sales every week for its mass and EC residential properties. The high Singapore dollar, liquidity in the market, low interest rate environment, favourable housing loans and lack of other stabilised investment products are also factors that have continued to sustain property investments in Singapore.

The Group has always maintained a medium to long-term view of its business. With a healthy land bank, the Group will continue to be selective in its land replenishment strategy, mindful of the global economic uncertainty. It has always remained nimble and strategic in its implementation plans to unlock maximum value of its assets for shareholders, at the opportune time.

With the Group's diversified portfolio of assets, strong balance sheet and prudent management, it expects to remain profitable in the current year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

On 10 May 2012, the Board of Directors, pursuant to the recommendation of the Audit Committee, declared the payment of a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited 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% per annum of the issue price of $1.00 for each Preference Share on the basis of 182 days, being the actual number of days comprised in the dividend period from 31 December 2011 to 29 June 2012, divided by 366 days.

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

(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 2011
Dividend Type	Cash
Dividend Amount (in cents)	1.93 cents per Preference Share
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share
Dividend period	From 31 December 2010 to 29 June 2011 (both dates inclusive)
Issue price	$1.00 per Preference Share

(c) Date payable

The tax-exempt (one-tier) preference dividend for the period from 31 December 2011 to 29 June 2012 (both dates inclusive) will be paid on 2 July 2012.

(d) Books Closure Date for Non-redeemable Convertible Non-cumulative Preference Shares (the "Preference Shares")

5.00 pm on 7 June 2012.

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

Not applicable.

13. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted in first quarter ended 31 March 2012 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	<u>Property-related</u> - provision to interested persons of (i) project management services; (ii) marketing services; (iii) property management and maintenance services; and (iv) carpark operation and management services	$8,649,201.67
	<u>Management and Support Services</u> - provision to interested persons of accounting and administrative services	$216,903.00
	TOTAL:	**$8,866,104.67**
Directors and their immediate family members		Nil

14. Segment Reporting

By Business Segments

	The Group			
	Revenue Three months ended 31 March		Profit before income tax (*) Three months ended 31 March	
	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Property Development	394,247	327,635	88,021	127,060
Hotel Operations	354,143	356,342	40,305	30,920
Rental Properties	76,375	71,713	35,824	178,133
Others	21,968	18,055	51,470	772
	846,733	773,745	215,620	336,885

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

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

Property Development

Revenue increased by $66.6 million to $394.2 million (Q1 2011: $327.6 million) whilst pre-tax profit decreased by $39.1 million to $88.0 million (Q1 2011: $127.1 million).

Projects that contributed to both revenue and profit in Q1 2012 include Volari, NV Residences, 368 Thomson, Cube 8, Hundred Trees, Tree House and The Glyndebourne. 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 and Hedges Park 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 was mainly attributable to maiden contribution from The Glyndebourne, 368 Thomson, Cube 8, Hundred Trees and Tree House coupled with higher contribution from Volari. This was partially offset by the absence of contributions from One Shenton, Cliveden at Grange, Shelford Suites and Livia which obtained Temporary Occupancy Permit in 2011.

Despite the increase in revenue, pre-tax profit decreased mainly due to profit margin achieved for projects launched recently being relatively lower as compared to those projects launched in past few years.

Hotel Operations

Revenue for this segment remained relatively constant at $354.1 million (Q1 2011: $356.3 million) for Q1 2012 whilst pre-tax profit increased by $9.4 million to $40.3 million (Q1 2011: $30.9 million) for Q1 2012.

The increase in pre-tax profit was backed by a strong trading performance in Asia, particularly in Singapore, Seoul, Kuala Lumpur, Jakarta and Beijing. In addition, the continued efforts to control costs had also helped to improve the performance of hotel operations.

Rental Properties

Revenue increased by $4.7 million to $76.4 million (Q1 2011: $71.7 million) for Q1 2012 mainly due to revenue generated from a newly acquired retail mall in Thailand.

Despite the increase in revenue, pre-tax profit of Q1 2012 decreased by $142.3 million to $35.8 million (Q1 2011: $178.1 million) due to gains recognised in Q1 2011 from the disposal of The Corporate Office and a strata unit in GB Building.

Others

Revenue, comprising mainly management fee income from building maintenance contracts, project management, club operations as well as dividend income, increased by $3.9 million to $22.0 million (Q1 2011: $18.1 million) due to higher management fee income.

Pre-tax profit increased by $50.7 million to $51.5 million (Q1 2011: $0.8 million) for Q1 2012 due to gain recognised on realisation of investments in a real estate private fund. The recognition of fair value gains (net) on financial assets held for trading in Q1 2012 vis-à-vis fair value loss (net) on the aforesaid financial assets in Q1 2011 had also attributed to the increase.

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 18 of Appendix 7.2 for the required details*)

	Full Year 2011 S$'000	Full Year 2010 S$'000
Ordinary	72,744	72,744
Special	90,930	90,930
Preference	12,904	12,904
Total	**176,578**	**176,578**

The final tax-exempt (one-tier) ordinary dividend and special final ordinary dividend for the year ended 31 December 2011 of 8.0 cents and 5.0 cents respectively per ordinary share have been approved by the ordinary shareholders at the Annual General Meeting held on 27 April 2012 and the dividend amounts are based on the number of issued ordinary shares as at 3 May 2012.

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

Not applicable.

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
10 May 2012

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 3-month period ended 31 March 2012 to be false or misleading in any material respect.

On behalf of the Board of Directors

Kwek Leng Joo
Managing Director

Kwek Leng Peck
Director

Singapore, 10 May 2012