CAPITALAND LIMITED

(Registration Number : 198900036N)

2006 FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CapitaLand

CAPITALAND LIMITED
2006 FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

	Group		
	1Q 2006 S$'000	**1Q 2005 S$'000**	**% Change**
Continuing operations			
Revenue	**658,651**	**736,315**	**(10.5)**
Cost of sales	(505,230)	(550,998)	(8.3)
Gross profit	153,421	185,317	(17.2)
Other operating income	121,769	45,463	167.8
Administrative expenses	(89,706)	(83,981)	6.8
Other operating expenses	(696)	(84)	728.6
Profit from continuing operations	**184,788**	**146,715**	**26.0**
Finance costs	(70,073)	(64,203)	9.1
Share of results (net of tax) of:			
- associates	28,763	25,744	11.7
- jointly-controlled entities	11,571	(2,301)	NM
- partnership	–	1,052	NM
	40,334	24,495	64.7
Profit before taxation from continuing operations	155,049	107,007	44.9
Taxation	(11,484)	(20,088)	(42.8)
Profit after taxation from continuing operations	143,565	86,919	65.2
Discontinued operations			
Profit after taxation from discontinued operations	–	4,876	NM
Profit after taxation	143,565	91,795	56.4
Attributable to:			
Equity holders of the Company ("PATMI")	**130,555**	**70,005**	**86.5**
Minority interests (MI)	13,010	21,790	(40.3)
	143,565	91,795	56.4

NM : Not meaningful

Note : The comparative profit and loss accounts ("P/L") for 1Q 2005 had been re-presented in accordance with the presentation required under FRS 105 - Non-current Assets Held for Sale and Discontinued Operations. Please refer to Item 1(a)(iii).

1(a)(ii) Breakdown and Explanatory Notes to Income Statement

1Q 2006 vs 1Q 2005

	Note	Group		
		1Q 2006 S$'000	**1Q 2005 S$'000**	**% Change**
Revenue	A	**658,651**	**736,315**	**(10.5)**
Cost of Sales		(505,230)	(550,998)	(8.3)
Gross Profit		**153,421**	**185,317**	**(17.2)**
Other Operating Income	B	**121,769**	**45,463**	**167.8**
Investment income		–	160	NM
Other income including interest income and portfolio gains		106,500	44,530	139.2
Foreign exchange gain		15,269	773	1,875.3
Administrative Expenses	C	**(89,706)**	**(83,981)**	**6.8**
Included in Administrative Expenses:-				
Depreciation and amortisation		(9,103)	(11,710)	(22.3)
Provision for doubtful debts and bad debts		(35)	(1,330)	(97.4)
Profit after taxation from discontinued operations	D	**–**	**4,876**	**NM**

(A) Revenue, Cost of Sales

The revenue decrease was largely attributable to China and Australia operations. The de-consolidation of assets divested in 2005 such as Pidemco Tower in Shanghai and Four Seasons Hotel in London also contributed to the revenue decrease. The decreases were partially mitigated by higher revenue from the serviced residence and Singapore residential operations, as well as higher fee-based income from financial services. Cost of sales was also lower, in line with the lower revenue.

(B) Other Operating Income

Other income, including interest income and portfolio gains, at $106.5 million was about $62.0 million higher than 1Q 2005. The increase was largely attributable to higher portfolio gains ($41.6 million), higher interest income ($9.5 million) and higher mark-to-market gains ($7.2 million) from the Group's financial instruments/assets.

The foreign exchange gain of $15.3 million arose mainly from the revaluation of certain USD denominated loans, as a result of the RMB strengthening against the USD during the quarter.

Included in portfolio gains are the following gains on sale of investments in 1Q 2006:

Gain on sale of investments	**$M**
Shanghai Xin Mao Property Development Co., Ltd	55.9
Others	2.4
Total Group's share of gain after tax & MI for 1Q 2006	**58.3**

1(a)(ii) Breakdown and Explanatory Notes to Income Statement (cont'd)

(C) Administrative Expenses

Administrative expenses comprise staff costs, depreciation expenses, operating lease expenses and other administrative expenses. Administrative expenses in 1Q 2006 of $89.7 million were about $5.7 million higher than 1Q 2005. The increase was largely attributable to administrative expenses incurred for new investments and listing expenses of the Ascott Residence Trust.

(D) Profit after taxation from discontinued operations

1Q 2005 results included a profit after taxation from discontinued operations of $4.9 million from the hotel business of Raffles Holdings Limited and Premas International Limited which have since been sold.

(E) Taxation expense and adjustments for over or under-provision of tax in respect of prior years

The current tax expense is based on the statutory tax rates of the respective countries in which the companies operate and takes into account non-deductible expenses and temporary differences.

The lower tax expense ($11.5 million in 1Q 2006 vs $20.1 million in 1Q 2005) was due to the over-provision of tax in prior years. There was a $6.3 million over-provision of tax for prior years (1Q 2005 : under-provision of $0.7 million) arising mainly from a refund of tax in respect of the sale of an investment property.

1(a)(iii) Discontinued Operations

The discontinued operations comprised PREMAS International Limited and the hotel business of Raffles Holdings Limited ("discontinued operations") which were sold in May 2005 and September 2005 respectively. A summary of the 1Q 2005 results of the discontinued operations is as follows:

	Group – Discontinued operations	
	1Q 2006 S$'000	**1Q 2005 S$'000**
Revenue	**–**	**172,287**
Cost of sales	–	(96,840)
Gross profit	–	75,447
Other operating income	–	2,759
Administrative expenses	–	(65,881)
Other operating expenses	–	(1,305)
Profit from operations	**–**	**11,020**
Finance costs	–	(2,067)
Share of results (net of tax) of associates	–	72
Profit before taxation	**–**	**9,025**
Taxation	–	(4,149)
Profit after taxation before gain on sale of discontinued operations	**–**	**4,876**
Gain on sale of discontinued operations	–	–
Profit after taxation from discontinued operations	**–**	**4,876**

1(b)(i) Balance Sheet

As at 31/03/2006 vs 31/12/2005

	Group			Company		
	31/03/2006 S$'000	**31/12/2005 S$'000**	**% Change**	**31/03/2006 S$'000**	**31/12/2005 S$'000**	**% Change**
Non-Current Assets						
Property, Plant & Equipment	199,096	201,465	(1.2)	1,452	1,588	(8.6)
Intangible Assets	29,202	35,394	(17.5)	–	–	–
Investment Properties	5,596,889	5,914,905	(5.4)	–	–	–
Properties Under Devt	690,092	634,004	8.8	–	–	–
Interests in Subsidiaries	–	–	–	3,880,294	3,773,558	2.8
Interests in Associates, Jointly-Controlled Entities and Partnership	4,382,570	3,928,670	11.6	–	–	–
Other Assets	340,936	323,874	5.3	4,187	4,211	(0.6)
	11,238,785	**11,038,312**	**1.8**	**3,885,933**	**3,779,357**	**2.8**
Current Assets						
Devt Properties for Sale	*3,365,414*	*3,542,494*	*(5.0)*	–	–	–
Trade & Other Receivables	*1,858,943*	*1,417,790*	*31.1*	*2,139,585*	*1,101,118*	*94.3*
Cash & Cash Equivalents	*1,790,579*	*2,111,277*	*(15.2)*	*478,003*	*987,736*	*(51.6)*
Other Current Assets	*81,038*	*73,180*	*10.7*	–	–	–
	7,095,974	**7,144,741**	**(0.7)**	**2,617,588**	**2,088,854**	**25.3**
Less: Current Liabilities						
Trade & Other Payables	*1,792,443*	*2,005,739*	*(10.6)*	*1,015,962*	*206,882*	*391.1*
Short-Term Borrowings	*1,830,828*	*2,383,844*	*(23.2)*	*333,660*	*692,735*	*(51.8)*
Other Current Liabilities	*221,559*	*241,112*	*(8.1)*	–	–	–
	3,844,830	**4,630,695**	**(17.0)**	**1,349,622**	**899,617**	**50.0**
Net Current Assets	**3,251,144**	**2,514,046**	**29.3**	**1,267,966**	**1,189,237**	**6.6**
Less: Non-Current Liabilities						
Long-Term Borrowings	4,737,723	4,228,011	12.1	121,000	125,500	(3.6)
Other Non-Current Liabilities	599,162	295,979	102.4	137,597	149,597	(8.0)
	5,336,885	**4,523,990**	**18.0**	**258,597**	**275,097**	**(6.0)**
	9,153,044	**9,028,368**	**1.4**	**4,895,302**	**4,693,497**	**4.3**
Representing:						
Share Capital*	4,279,905	2,750,503	55.6	4,279,905	2,750,503	55.6
Reserves	2,447,612	3,907,207	(37.4)	615,397	1,942,994	(68.3)
Equity attributable to equity holders of the Company	6,727,517	6,657,710	1.0	4,895,302	4,693,497	4.3
Minority Interests	2,425,527	2,370,658	2.3	–	–	–
	9,153,044	**9,028,368**	**1.4**	**4,895,302**	**4,693,497**	**4.3**

Note : * Following the recent changes in the Companies (Amendment) Act 2005, the par value concept was abolished on 30/01/2006. As such, share premium and capital redemption reserve of the Company have been transferred to the share capital as at 31/03/06.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group		
	As at 31/03/2006 S$'000	**As at 31/12/2005 S$'000**	**As at 31/03/2005 S$'000**
Amount repayable in one year or less, or on demand:-			
Secured	418,676	435,098	378,703
Unsecured	1,412,152	1,948,746	1,593,754
Sub-Total 1	**1,830,828**	**2,383,844**	**1,972,457**
Amount repayable after one year:-			
Secured	2,100,608	2,221,699	2,193,811
Unsecured	2,637,115	2,006,312	2,651,877
Sub-Total 2	**4,737,723**	**4,228,011**	**4,845,688**
Total Debt	**6,568,551**	**6,611,855**	**6,818,145**
Less : Cash and cash equivalents	(1,790,579)	(2,111,277)	(1,532,746)
Net Debt	**4,777,972**	**4,500,578**	**5,285,399**

Details of any collateral
Secured borrowings are generally secured by the borrowing companies' land and buildings, investment properties, properties under development or development properties for sale and assignment of all rights and benefits with respect to the properties.

Cash and cash equivalents
The cash and cash equivalents of about $1,790.6 million as at 31/03/2006 included $1,452.8 million in fixed deposits and $24.0 million in Project Accounts whose withdrawals are restricted to the payment of development projects expenditure.

1(c) Consolidated Cash Flow Statement

	Group	
	1Q 2006 S$'000	1Q 2005 S$'000
Cash Flows from Operating Activities		
Profit before taxation from continuing operations	**155,049**	**107,007**
Profit before taxation from discontinued operations	–	**9,025**
Total profit before taxation	**155,049**	**116,032**
Adjustments for :		
Amortisation and write off:		
- Intangible assets	5	273
- Leasehold investment properties	903	446
(Write back of)/Allowance for:		
- Foreseeable losses on development properties for sale	(333)	(6,126)
- Non-current portion of financial assets	–	14
- Share-based expenses	4,807	2,235
Changes in fair value of financial instruments and assets	(11,531)	(4,585)
Depreciation of property, plant and equipment	8,195	24,672
(Gain) on disposal/ Write off of property, plant and equipment	(210)	(103)
Gain on disposal of investment properties	(1,691)	(4,068)
Gain on disposal of non-current financial assets	(1,019)	(1,601)
(Gain) on disposal/dilution of subsidiaries, associates and jointly-controlled entities	(51,216)	(6,864)
Share of results (net of tax) of associates, jointly-controlled entities and partnership	(40,334)	(24,567)
Accretion of deferred income	(1,214)	(690)
Interest expense	70,073	66,270
Interest income	(32,402)	(23,143)
	(55,967)	**22,163**
Operating profit before working capital changes	**99,082**	**138,195**
Decrease/(Increase) in working capital		
Inventories, trade and other receivables	37,585	53,828
Development properties for sale	99,653	303,295
Trade and other payables	(121,234)	(202,227)
Amount due from related corporations	–	(6,140)
Financial assets	231	(1)
Changes in working capital	**16,235**	**148,755**
Cash generated from operations	**115,317**	**286,950**
Income tax paid	(31,490)	(50,872)
Customer deposits and other non-current payables received	3,400	3,062
Net cash generated from Operating Activities	**87,227**	**239,140**

1(c) Consolidated Cash Flow Statement (cont'd)

	Group	
	1Q 2006 S$'000	1Q 2005 S$'000
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	256	245
Purchase of property, plant and equipment	(7,312)	(17,905)
(Increase)/Decrease in associates, jointly-controlled entities and partnership	(891,845)	16,425
Increase in amounts owing by investee companies and other non-current receivables	–	(7,971)
Deposit for new investments	(20,611)	–
Acquisition of investment properties and properties under development	(116,337)	(24,341)
Proceeds from disposal of investment properties	7,317	70,818
Proceeds from disposal of non-current financial assets	–	1,059
Dividends received from associates, jointly-controlled entities, partnership and other investments	19,792	30,395
Disposal of subsidiaries (net)	104,846	8,137
Acquisition of remaining interest in a subsidiary	–	(5,489)
Interest income received	22,590	10,283
Net cash (used in)/generated from Investing Activities	**(881,304)**	**81,656**
Cash Flows from Financing Activities		
Proceeds from issue of shares under share option plan	14,165	15,304
Proceeds from loans from minority shareholders	10,151	225
Capital contribution from minority shareholders (net)	93,139	66,461
Proceeds from/(Repayment of) sale of future receivables	325,436	(290,749)
Proceeds from terms loans	779,846	145,598
Repayment of term loans	(938,786)	(499,902)
Proceeds from debt securities	365,464	–
Repayment of debt securities	(63,780)	(29,234)
Repayment of finance leases payables	(845)	(849)
Dividends paid to minority shareholders	(22,540)	(35,262)
Interest expense paid	(79,908)	(64,679)
Net cash generated from/(used in) Financing Activities	**482,342**	**(693,087)**
Net decrease in cash and cash equivalents	**(311,735)**	**(372,291)**
Cash and cash equivalents at beginning of the year	2,105,015	1,904,831
Effect of exchange rate changes on cash balances held in foreign currencies	(8,753)	(5,962)
Cash and cash equivalents at end of the period	**1,784,527**	**1,526,578**

Cash at banks and in hand at end of the period	1,790,579	1,532,746
Bank overdraft at end of the period	(6,052)	(6,168)
Cash and cash equivalents in the consolidated cash flow statement	**1,784,527**	**1,526,578**

1(d)(i) Statement of Changes in Equity

As at 31/03/2006 vs 31/03/2005 – GROUP

S$M	Share Capital	Share Prem.	Cap. Res.	Reval. Res.	For. Curr. Tran. Res.	Rev. Res.	Equity Comp. Res.	Other Res.*	Total	MI	Total Equity
Balance as at 01/01/2005											
As previously reported	**2,525**	**2,545**	**96**	**56**	**(21)**	**180**	**–**	**3**	**5,384**	**2,079**	**7,462**
Effect of change in accounting policy					(3)	(34)			**(37)**	(21)	**(58)**
Effect of adopting FRS 102						^	10		**10**	^	**10**
	2,525	**2,545**	**96**	**56**	**(24)**	**146**	**10**	**3**	**5,357**	**2,058**	**7,414**
Effect of adopting FRS 39					17	(39)		2	**(20)**	(7)	**(27)**
As restated	**2,525**	**2,545**	**96**	**56**	**(7)**	**107**	**10**	**5**	**5,336**	**2,051**	**7,387**
Net fair value changes on cash flow hedge								16	**16**	1	**17**
Foreign currency translation differences					(14)				**(14)**	22	**8**
Net gains/(losses) recognised directly in equity					*(14)*			*16*	***2***	*23*	***25***
Profit for 1Q 2005						70			**70**	22	**92**
Total recognised gains/(losses) for the period					**(14)**	**70**		**16**	**72**	**45**	**117**
Issue of shares under Share Option Plan	11	4					^		**15**	–	**15**
Issue of shares under Performance Share Plan	1								**1**	–	**1**
Conversion of convertible bonds	21	24	(3)						**42**	–	**42**
Cost of share-based payment							1		**1**	–	**1**
Capital contribution from MI									**–**	66	**66**
Dividend paid to MI									**–**	(35)	**(35)**
Acquisition/(disposal) of subsidiaries (net)									**–**	60	**60**
Others					^			^	**2**	–	**2**
Balance as at 31/03/2005	**2,558**	**2,573**	**93**	**56**	**(20)**	**177**	**11**	**21**	**5,469**	**2,187**	**7,656**

^ Less than $1.0 million
* Includes available-for-sale, capital redemption and hedging reserves

1(d)(i) Statement of Changes in Equity (cont'd)

As at 31/03/2006 vs 31/03/2005 – GROUP

S$M	Share Capital	Share Prem.	Cap. Res.	Reval. Res.	For. Curr. Tran. Res.	Rev. Res.	Equity Comp. Res.	Other Res.*	**Total**	MI	**Total Equity**
Balance as at 01/01/2006	**2,751**	**2,780**	**59**	**247**	**(23)**	**730**	**25**	**88**	**6,657**	**2,371**	**9,028**
Transfer (to)/from @	1,512	(2,780)	1,271					(3)	**–**	–	**–**
Net fair value changes on available-for-sale investments								26	**26**	3	**29**
Net fair value changes on cash flow hedge								4	**4**	–	**4**
Foreign currency translation differences					(49)				**(49)**	(35)	**(84)**
Net gains/(losses) recognised directly in equity					*(49)*			*30*	***(19)***	*(32)*	***(51)***
Profit for 1Q 2006						131			**131**	13	**144**
Realised revaluation reserve transferred to P/L				(58)					**(58)**	–	**(58)**
Realised foreign currency translation reserve transferred to P/L					3				**3**	–	**3**
Total recognised gains/(losses) for the period				**(58)**	**(46)**	**131**		**30**	**57**	**(19)**	**38**
Issue of shares under Share Option Plan	14								**14**	–	**14**
Issue of shares under Performance Share Plan	3					(2)	(1)		**–**	–	**–**
Cost of share-based payment							4		**4**	^	**5**
Capital contribution from MI									**–**	93	**93**
Dividend paid to MI									**–**	(23)	**(23)**
Acquisition/(disposal) of subsidiaries (net)									**–**	3	**3**
Others			^	(2)		^		(1)	**(4)**	^	**(5)**
Balance as at 31/03/2006	**4,280**	**–**	**1,330**	**187**	**(69)**	**858**	**28**	**114**	**6,728**	**2,425**	**9,153**

^ Less than $1.0 million
* Includes available-for-sale and hedging reserves
@ The transfer of share premium and capital redemption reserve of the Company to share capital is due to the abolishment of the par value concept with effect from 30/01/2006.

1(d)(i) Statement of Changes in Equity (cont'd)

As at 31/03/2006 vs 31/03/2005 – COMPANY

S$M	Share Capital	Share Prem.	Cap. Res.	Reval. Res.	For. Curr. Tran. Res.	Rev. Res.	Equity Comp. Res.	Other Res.	Total
Balance as at 01/01/2005									
As previously reported	**2,525**	**1,277**	**30**	**–**	**–**	**292**	**–**	**^**	**4,124**
Effect of adopting FRS 102						1	8		**9**
As restated	**2,525**	**1,277**	**30**	**–**	**–**	**293**	**8**	**^**	**4,133**
Profit for 1Q 2005						1			**1**
Total recognised gains for the period						1			**1**
Issue of shares under Share Option Plan	11	4					^		**15**
Issue of shares under Performance Share Plan	1					1			**2**
Conversation of convertible bonds	21	24	(3)						**42**
Balance as at 31/03/2005	**2,558**	**1,305**	**27**	**–**	**–**	**295**	**8**	**^**	**4,193**
Balance as at 01/01/2006	**2,751**	**1,512**	**–**	**–**	**–**	**411**	**19**	**^**	**4,693**
Transfer (to)/from @	1,512	(1,512)						^	**–**
Profit for 1Q 2006						184			**184**
Total recognised gains for the period						184			**184**
Issue of shares under Share Option Plan	14								**14**
Issue of shares under Performance Share Plan	3					(2)	(1)		**–**
Cost of share-based payment							4		**4**
Balance as at 31/03/2006	**4,280**	**–**	**–**	**–**	**–**	**593**	**22**	**–**	**4,895**

^ Less than $1.0 million
@ The transfer of share premium and capital redemption reserve of the Company to share capital is due to the abolishment of the par value concept with effect from 30/01/2006.

1(d)(ii) Details of any changes in the Company's issued share capital

Issued Share Capital

As at 31/03/2006, the issued and fully paid-up share capital of the Company was $4,279.9 million (31/03/2005: $2,558.3 million). Movements in the Company's issued and fully paid-up share capital were as follows:

	$'000
As at 01/01/2006	2,750,503
Transfer of share premium and capital redemption reserve of the Company due to abolishment of the par value concept with effect from 30/01/2006	1,512,329
Issue of shares under CapitaLand Share Option Plan	14,165
Issue of shares under CapitaLand Performance Share Plan	2,908
As at 31/03/2006	**4,279,905**

1(d)(ii) Details of any changes in the Company's issued share capital (cont'd)

As at 31/03/2006, the issued ordinary shares of the Company was 2,763,199,758 (31/03/2005 : 2,558,393,344). During 1Q 2006, the Company issued 12,696,958 ordinary shares arising from issue of 9,250,958 shares under the Share Option Plan and issue of 3,446,000 ordinary shares under the Performance Share Plan.

Share Options

The number of outstanding share options under the Company's Share Option Plan as at 31/03/2006 was 74,836,541 (31/03/2005 : 90,958,416).

Performance Shares

As at 31/03/2006, the number of outstanding performance shares under the Company's Performance Share Plan was 9,058,500 (31/03/2005 : 5,019,300).

The final number of performance shares given will depend on the achievement of pre-determined targets over a three-year performance period. Recipients who do not meet the threshold targets at the end of the performance period will not be given any performance shares. On the other hand, if superior targets are met, more performance shares than the original award could be delivered up to a maximum of 200% of the original award.

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 auditor's 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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31/12/2005.

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

Please refer to Item 4 above.

6. Earnings per ordinary share (EPS) based on profit after tax & MI attributable to the equity holders of the Company after deducting any provision for preference dividends:

		Group	
		1Q 2006	1Q 2005
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents) from:		
	- continuing operations	4.7	2.7
	- discontinued operations	–	0.1
	Total	**4.7**	**2.8**
	- weighted average number of ordinary shares (in million)	2,754.6	2,533.5
6(b)	EPS based on fully diluted basis (in cents) from:		
	- continuing operations	4.7	2.6
	- discontinued operations	–	0.1
	Total	**4.7**	**2.7**
	- weighted average number of ordinary shares (in million)	2,801.4	2,739.7

7. Net asset value and net tangible assets per ordinary share based on issued share capital as at the end of the period reported on

	Group		Company	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005
NAV per ordinary share	$2.43	$2.42	$1.77	$1.71
NTA per ordinary share	$2.42	$2.41	$1.77	$1.71

8. Review of the performance of the group

GROUP OVERVIEW – Continuing operations

S$M	1Q 2006	1Q 2005	Variance %
Revenue	658.7	736.3	(10.5)
EBIT	225.1	171.2	31.5
Finance costs	(70.1)	(64.2)	(9.1)
PBT	155.0	107.0	44.9
PATMI	130.6	70.0*	86.5

** Include profit for the period from discontinued operations. Please refer to Item 1(a)(iii).*

1Q 2006 vs 1Q 2005

The Group made a strong start this year. Despite lower revenue, the Group achieved a profit after tax and minority interests ("PATMI") of $130.6 million, about $60.6 million or 86.5% higher than the profit of $70.0 million recorded in 1Q 2005. The increase in profitability was achieved on the back of higher portfolio gains, mark-to-market gains from the Group's financial instruments/assets, higher fee-based income, as well as a write back of prior year's tax expense following the finalisation by Inland Revenue Authority of Singapore ("IRAS") of a successful tax objection.

1Q 2006's revenue decreased by 10.5% to $658.7 million, largely attributable to China and Australia operations. The lower revenue from China was due to the slow-down of residential property sales. The de-consolidation of assets divested in 2005 such as Pidemco Tower in Shanghai and Four Seasons Hotel in London also contributed to the revenue decrease. The decreases were partially mitigated by higher sales from the serviced residence operations, Singapore residential operations and higher fee-based income from financial services.

Earnings before interest and tax ("EBIT") for 1Q 2006 were $225.1 million, about $53.9 million or 31.5% higher than 1Q 2005. The higher EBIT was mainly due to higher portfolio gains, mark-to-market gains from the Group's financial instruments/assets, as well as higher fee-based income.

Finance costs for 1Q 2006 at $70.1 million, were $5.9 million or 9.1% higher than the $64.2 million recorded in 1Q 2005. The higher interest expense was mainly due to higher proportion of foreign currency loans drawn down to finance new overseas investment projects, as well as higher interest rates.

Tax expense for 1Q 2006 was lower at $11.5 million compared to $20.1 million recorded in 1Q 2005 mainly due to the write back of a previous tax expense following the finalisation by IRAS of a successful tax objection.

Overseas revenue at $342.5 million accounted for 52.0% of the Group's revenue, down from 69.0% a year ago. The lower overseas revenue was mainly due to lower contribution from Australia and slow-down of residential property sales in China. Overseas EBIT contribution at $159.3 million, rose 1.3% to 70.8% of the Group's EBIT.

The Group's net debt and gearing (net debt to equity ratio) as at end March 2006 were $4.8 billion and 0.52 respectively compared to a net debt of $4.5 billion and gearing of 0.50 as at end December 2005. The increase in net debt of about $0.3 billion was mainly attributable to lower cash balances as cash was utilised for new investment projects. As at end March 2006, the Group's net tangible assets stood at $2.42 per share.

Segment Performance

Residential Strategic Business Unit ("SBU"): CapitaLand Residential Limited ("CRL")

S$M	1Q 2006	1Q 2005	Variance %
Revenue	486.8	541.6	(10.1)
EBIT	67.1	89.0	(24.5)

1Q 2006's revenue of $486.8 million was $54.8 million or 10.1% lower than 1Q 2005, due to lower sales from Australia operations and slow-down of residential property sales in China. However, this was partially offset by higher sales from the Singapore residential operations. For the same reasons, 1Q 2006 EBIT of $67.1 million was $21.9 million or 24.5% lower than 1Q 2005.

In the first quarter of this year, CRL raised USD332.7 million (equivalent to SGD543.1 million) through rated Residential Mortgage Backed Securities ("RMBS") which were backed by the receivables from two of CapitaLand Residential's condominium projects, namely, Citylights and Varsity Park Condominium.

In Thailand, TCC Capital Land, which is CRL's joint venture with TCC Land, launched its fourth residential project, The Emporio Place, which was well-received.

In January 2006, CRL entered into a joint venture with two Malaysian partners to acquire, develop and market a 4.3 acre (187,145 sq ft) free-hold residential site in Kuala Lumpur.

In the first quarter of 2006, CRL also sealed two strategic partnership agreements to build homes in India and Vietnam. In India, CRL has tied up with Mumbai-based Runwal Group to jointly develop a residential project with over 500 apartments in Mumbai. In Vietnam, CRL has also entered into a conditional agreement to acquire and develop a 23,000 square metre residential site with approximately 1,000 units in Ho Chi Minh City.

In March 2006, CRL entered into a conditional subscription agreement to subscribe for a 20% stake in Lai Fung Holdings, a Hong Kong listed property development and investment company, for a consideration of HKD644 million (equivalent to SGD135 million).

Commercial SBU: CapitaLand Commercial and Integrated Development Limited ("CCID")

S$M	1Q 2006	1Q 2005	Variance %
Revenue	32.2	34.2	(5.9)
EBIT	93.1	27.4	240.0

Revenue for 1Q 2006 at $32.2 million was $2.0 million or 5.9% lower than 1Q 2005. The decrease was largely attributable to the loss of revenue from Pidemco Tower in Shanghai and Four Seasons Hotel in London which were divested in May 2005 and November 2005 respectively.

EBIT for 1Q 2006 of $93.1 million was however 240.0% higher than 1Q 2005, mainly attributable to the gain from the sale of Shanghai Xin Mao Property Development Co., Ltd, as well as higher contributions from investment in associates and jointly-controlled entities.

Retail SBU: CapitaLand Retail Limited ("CRTL")

S$M	1Q 2006	1Q 2005	Variance %
Revenue	18.7	8.8	112.9
EBIT	20.2	11.2	79.6

Revenue for 1Q 2006 at $18.7 million was $9.9 million or 112.9% higher than 1Q 2005. The increase came mainly from revenue of retail malls in China, as well as higher retail management fees earned from CapitaMall Trust ("CMT").

EBIT for 1Q 2006 increased by $9.0 million or 79.6% compared with 1Q 2005 mainly due to exchange gains from the revaluation of USD denominated loans arising from the strengthening of the RMB against the USD and higher share of associates' results.

Financial Services SBU: CapitaLand Financial Limited ("CFL")

S$M	1Q 2006	1Q 2005	Variance %
Revenue	19.0	12.7	49.4
EBIT	19.6	10.8	80.6

1Q 2006's revenue at $19.0 million was 49.4% higher than 1Q 2005. The increase in revenue was mainly attributable to higher recurring fund management income on the back of higher assets under management ("AUM"). CFL's AUM as at end March 2006 was $8.5 billion, up by $2.2 billion from $6.3 billion a year ago.

In tandem with the increase in revenue, EBIT for 1Q 2006 of $19.6 million was significantly higher by $8.8 million or 80.6% compared to 1Q 2005. Also contributing to the increase in EBIT was the mark-to-market gains on an investment of $11.0 million, which was partially offset by higher operating expenses and lower share of profits from associates.

Serviced Residences SBU: The Ascott Group ("Ascott")

S$M	1Q 2006	1Q 2005	Variance %
Revenue	106.5	99.7	6.9
EBIT	16.1	17.2	(6.4)

Revenue for 1Q 2006 of $106.5 million increased by $6.8 million or 6.9% over that of the corresponding period last year. The increase in revenue was underpinned by an overall revenue per available apartment unit ("REVPAU") growth, with the serviced residence operations in Singapore, Philippines and the United Kingdom attaining double digit REVPAU increases. The consolidation of results from Hemliner in China, Mekong-Hacota in Vietnam, as well as Greenpark in the United Kingdom also contributed to the increase in revenue.

EBIT for 1Q 2006 at $16.1 million was $1.1 million or 6.4% lower compared to 1Q 2005. The decrease in EBIT was mainly due to higher administrative expenses.

Raffles Holdings Group and RC Hotels ("Raffles")

S$M	1Q 2006	1Q 2005	Variance %
Revenue	0.9	45.8	(98.1)
EBIT	15.7	11.4	37.1

Revenue for 1Q 2006 at $0.9 million was $44.9 million lower than 1Q 2005. This was mainly due to the de-consolidation of a hotel's revenue after divestment of the hotel business in September 2005.

Despite the lower revenue, 1Q 2006's EBIT at $15.7 million was $4.3 million or 37.1% higher than the $11.4 million recorded in the same quarter last year. The improvement in earnings was mainly due to higher interest income, as well as higher share of associate's results.

9. Variance between the forecast or prospect statement (if disclosed previously) and the actual results

The current results are broadly in line with the prospect statement made when the 2005 full year financial results were announced.

10. Commentary of the significant trends and the 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

Residential SBU: CapitaLand Residential Limited ("CRL")

CRL expects its operations in Singapore, Australia and China to continue to underpin its profitability. Increasingly, CRL will strengthen its footprint in other high-growth Asian markets, such as Thailand, India and Vietnam, which will serve as its next growth platform.

In China, CRL will continue to acquire prime sites to build a pipeline for development in the three key cities, namely, Beijing, Shanghai and Guangzhou, and expand to second tier cities.

In Australia, Australand will continue with its stated strategy of increasing its recurrent investment property income.

Commercial SBU: CapitaLand Commercial and Integrated Development Limited ("CCID")

There is a general optimism in respect of the office property market. According to URA statistics, island-wide office occupancy reached 87% as at end 2005, compared to 84% a year ago. The office market has moved beyond the recovery phase into a strengthening mode, whereby rents are poised to rise at a faster pace. Prime office rents as at end March 2006 reached S$5.60 psf per month, up from S$5.20 psf per month in the previous quarter and S$4.65 psf per month a year ago. The industrial sector also saw some positive signs in 2005 as a result of a buoyant economy. We expect our Singapore office and industrial properties to perform better.

CCID and MGM Mirage submitted their bid for the Integrated Resort project on the Marina Bayfront site on 29 March 2006. CCID is also currently working with Kerzner International Limited on the proposed bid for the Integrated Resort project on the Sentosa site.

In Hong Kong, AIG Tower continues to enjoy strong occupancy of above 98% while in Beijing, the development of Capital Tower Beijing is progressing well and is expected to achieve Temporary Occupancy Permit ("TOP") in the second half of 2006.

Retail SBU: CapitaLand Retail Limited ("CRTL")

The market outlook for the Singapore retail market for 2006 continues to be positive with retail rentals expected to be stable.

For the year ahead, CRTL expects to expand its China business through continuous acquisitions and management of malls anchored by Wal-Mart and other China malls.

CRTL would also continue to expand through acquisitions of retail malls in Japan.

On 19 April 2006, CapitaLand Retail India Investments Pte Ltd ("CRII"), an indirect wholly owned subsidiary, announced that it will invest USD75 million (equivalent to SGD121 million) in Horizon Realty Fund, LLC (the "Horizon Fund"). This investment represents 28.5% interest in the Horizon Fund. Concurrently, CapitaLand will be forming 50-50 joint ventures, namely, retail management company and fund management company with India's largest listed retailer, Pantaloon Retail (India) Ltd ("Pantaloon"). It is envisaged that the joint venture retail management company will manage a portfolio of close to 50 quality retail malls located in key and secondary cities in India within the next two to three years. And through the 50-50 joint venture fund management company, CapitaLand and Pantaloon intend to create a retail Development Fund, a retail Income Fund or retail REITs to capture the tremendous growth in India retail real estate market, subject to relevant laws and regulations.

Financial Services SBU: CapitaLand Financial Limited ("CFL")

CFL will continue to focus on increasing its fund management fees by growing its AUM. In Singapore, CapitaCommercial Trust ("CCT") and CapitaMall Trust ("CMT") have announced the proposed joint acquisition of Raffles City. Upon successful completion of the acquisition later this year, the asset size of CCT and CMT will increase significantly to $3.5 billion (from $2.1 billion) and $4.3 billion (from $3.4 billion) respectively. This deal is the first in Singapore where two REITs have proposed joint ownership of a property and together will manage the asset to generate long term returns to respective unitholders.

In Japan and China, CFL continues to seek yield accretive properties to strengthen the existing private real estate funds' portfolio.

Serviced Residences SBU: The Ascott Group ("Ascott")

Ascott continues to enjoy the leadership position in the serviced residence industry in Asia and Europe.

The business and market sentiments in the Asia region remain positive in view of the on-going attraction of foreign direct investments ("FDI") from global multinational companies. Asia is well recognised as the fastest growing region in the world. Ascott expects to benefit as the growth will have a positive impact on demand for its serviced residences.

In Europe, economic growth is expected to remain steady which augurs well for Ascott's serviced residence operations.

Ascott expects its performance in 2006 to be profitable.

Raffles Holdings Group ("Raffles")

On 19 March 2006, Raffles Holdings Limited ("RHL") announced that its 45% associated company, Tincel Properties (Private) Limited, has agreed to sell Raffles City (the "Sale") at a property purchase price of $2.085 billion to CCT, which will form a joint ownership vehicle 60% held by CCT and 40% held by CMT. The Sale is conditional upon, *inter alia*, the approval of the RHL's shareholders and the approval of unitholders of CCT.

RHL does not intend to invest in or acquire any new businesses with the cash proceeds from the Sale and intends to distribute all available cash to its shareholders. The actual amount to be distributed will depend upon, *inter alia*, the actual net tangible assets of RHL at the time of distribution, the provisions to be made for tax, other liabilities and the number of RHL shares in issue.

RHL expects its performance in 2006 to be profitable.

The year-on-year comparison will however be moderated by the higher base in 2005 which included nine months of hotel operations as well as the divestment gain of the hotel business.

GROUP OVERALL PROSPECTS FOR 2006

The Group continues to see tremendous long term growth trends in Asia underpinned by the unprecedented concurrent high growth in China, India and a recovering Japan. The Group's capital efficient business model and improved financial capacity in the past few years has given us a significant competitive advantage to tap on these growing markets.

CapitaLand intends to stay on course with its strategy as follows:

- remain focused in the residential, retail, commercial and integrated development sectors, while growing our serviced residence business through The Ascott Group;

- continue to pursue its multi-local strategy by expanding its overseas footprint, in particular in China, India, Thailand, Vietnam, Malaysia, Japan and Australia. The recent tie-up with Pantaloon Group of India is another significant milestone in our Asian and retail growth plans. Furthermore, the Group intends to seize available and appropriate opportunities in Singapore to take full advantage of the reflating property market, including launching a number of high and mid-end residential projects, fast-tracking the development of the premier Orchard Turn integrated retail-cum-residential project, and competing to secure the Marina Bayfront and the Sentosa Integrated Resort projects with our respective partners;

- continue to grow our real estate financial services and fee-based businesses including our fund and REIT management business; and

- finally, to maintain our stringent focus on capital management to achieve the optimal risk-adjusted returns for our shareholders, bolstered by our disciplined and independent risk management processes.

The Group is confident that it will be profitable in 2006.

11. Dividend

11(a) Any dividend declared for the present financial period? Nil
11(b) Any dividend declared for the previous corresponding period? Nil
11(c) Date payable : Not applicable
11(d) Books closing date : Not applicable

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

No interim dividend has been declared or recommended in the current reporting period.

13. Segmental Revenue & Results

13(a) By Strategic Business Units (SBUs) – 1Q 2006 vs 1Q 2005

	Revenue			Earnings before interest & tax		
	1Q 2006 (3 mths) S$'000	1Q 2005 (3 mths) S$'000	Variance %	1Q 2006 (3 mths) S$'000	1Q 2005 (3 mths) S$'000	Variance %
Continuing operations						
Residential	486,794	541,558	(10.1)	67,131	88,971	(24.5)
Commercial & Integrated Devt.	32,155	34,174	(5.9)	93,101	27,380	240.0
Retail	18,669	8,769	112.9	20,169	11,228	79.6
Financial Services	18,983	12,703	49.4	19,566	10,833	80.6
The Ascott Group	106,540	99,662	6.9	16,098	17,190	(6.4)
RHL Group & RCH	865	45,806	(98.1)	15,658	11,417	37.1
Others and Consolidation adjms	(5,355)	(6,357)	15.8	(6,601)	4,191	NM
Total – Continuing operations	**658,651**	**736,315**	**(10.5)**	**225,122**	**171,210**	**31.5**
Total - Discontinued operations	**–**	**172,287**	**NM**	**–**	**11,092**	**NM**

Strictly for information only, the numbers reported by The Ascott Group and Raffles Holdings Group to their respective shareholders are:-

	Revenue			Earnings before interest & tax		
	1Q 2006 S$'000	1Q 2005 S$'000	Variance %	1Q 2006 S$'000	1Q 2005 S$'000	Variance %
The Ascott Group	106,540	99,662	6.9	62,286*	17,190	262.3
Raffles Holdings Group	865	756	14.4	15,658	10,428	50.2

* Includes realisation of certain revaluation reserve, foreign currency translation reserve and hedging reserve, net of transaction costs, in relation to The Ascott Group Limited's divestment of 12 investment properties to Ascott Residence Trust and the subsequent Preferential Offering.

13(b) By Geographical Location – 1Q 2006 vs 1Q 2005

	Revenue			Earnings before interest & tax		
	1Q 2006 (3 mths) S$'000	1Q 2005 (3 mths) S$'000	Variance %	1Q 2006 (3 mths) S$'000	1Q 2005 (3 mths) S$'000	Variance %
Continuing operations						
Singapore	316,137	228,503	38.4	65,806	52,283	25.9
Australia & New Zealand	197,912	276,817	(28.5)	31,482	30,200	4.2
China	67,868	149,043	(54.5)	99,752	65,979	51.2
Asia (excl. S'pore/China)	27,112	18,154	49.3	21,881	13,673	60.0
Europe	49,622	63,798	(22.2)	6,201	9,075	(31.7)
Total	**658,651**	**736,315**	**(10.5)**	**225,122**	**171,210**	**31.5**

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

Please refer to Item 8.

15. Breakdown of Group's revenue and profit after tax for first half year and second half year

Not applicable.

16. Breakdown of Total Annual Dividend (in dollar value) of the Company

Not applicable.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

BY ORDER OF THE BOARD

Ng Chooi Peng
Assistant Company Secretary
10 May 2006