CAPITALAND LIMITED

(Registration Number : 198900036N)

2007 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CapitaLand

CAPITALAND LIMITED
2007 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

	Group						
	Note	**2Q 2007 S$'000**	**2Q 2006 S$'000 (restated)**	**% Change**	**1H 2007 S$'000**	**1H 2006 S$'000 (restated)**	**% Change**
Continuing operations							
Revenue	**A**	**935,590**	**771,727**	**21.2**	**1,572,606**	**1,430,378**	**9.9**
Cost of sales	**A**	(580,467)	(557,728)	4.1	(1,001,360)	(1,062,958)	(5.8)
Gross profit		355,123	213,999	65.9	571,246	367,420	55.5
Other operating income	**B**	307,709	70,426	336.9	959,487	192,195	399.2
Administrative expenses	**C**	(128,913)	5,642	NM	(224,903)	(85,541)	162.9
Other operating expenses	**D**	1,022	(1,028)	NM	(2,102)	(1,724)	21.9
Profit from continuing operations		**534,941**	**289,039**	**85.1**	**1,303,728**	**472,350**	**176.0**
Finance costs		(97,150)	(73,534)	32.1	(188,253)	(143,607)	31.1
Share of results (net of tax)							
- associates		458,649	21,955	NM	485,128	50,718	856.5
- jointly-controlled entities		231,133	3,631	NM	255,332	15,202	NM
	E	689,782	25,586	NM	740,460	65,920	NM
Profit before taxation from continuing operations		1,127,573	241,091	367.7	1,855,935	394,663	370.3
Taxation	**F**	(94,870)	(55,152)	72.0	(132,494)	(66,636)	98.8
Profit after taxation from continuing operations		1,032,703	185,939	455.4	1,723,441	328,027	425.4
Discontinued operations							
Profit after taxation from discontinued operations	**G**	–	14,333	NM	–	14,333	NM
Profit after taxation		1,032,703	200,272	415.7	1,723,441	342,360	403.4
Attributable to:							
Equity holders of the Company ("PATMI")		**912,595**	**157,182**	**480.6**	**1,520,728**	**286,742**	**430.3**
Minority interests ("MI")		120,108	43,090	178.7	202,713	55,618	264.5
		1,032,703	200,272	415.7	1,723,441	342,360	403.4

NM : Not meaningful

Note : The comparative income statement for 2Q 2006 and 1H 2006 had been restated to take into account the retrospective adjustments relating to FRS 16 – Property, Plant and Equipment. Please refer to Note 4.

1(a)(ii) Explanatory Notes to Income Statement – 2Q 2007 vs 2Q 2006

(A) Revenue, Cost of Sales

The higher revenue in 2Q 2007 was largely attributable to higher sales from China's development projects as well as the consolidation of revenue from Raffles City Shanghai, which was acquired in September 2006. Fee income was also higher this quarter, boosted by acquisition fees from CapitaMall Trust. The increases were partially offset by the deconsolidation of revenue from Ascott Residence Trust ("ART") as ART ceased to be a subsidiary of the Group following the reduction of the Group's stake in March 2007.

In line with the higher revenue, cost of sales also increased but the increase was partially offset by some write back of provisions for foreseeable losses due to the strong recovery of residential property prices in Singapore.

(B) Other Operating Income

		Group		
		2Q 2007 S$'000	**2Q 2006 S$'000**	**% Change**
Other Operating Income		**307,709**	**70,426**	**336.9**
Investment income	(i)	5,520	5,988	(7.8)
Interest Income	(ii)	27,473	34,935	(21.4)
Other income (including portfolio gains)	(iii)	153,766	25,626	500.0
Fair value gain of investment properties	(iv)	108,085	–	NM
Foreign exchange gain	(v)	12,865	3,877	231.8

NM : Not meaningful

(i) Investment income of $5.5 million arose mainly from the Group's investments in China and Hong Kong.

(ii) The decrease in interest income was mainly due to the absence of interest income from an associate as the loan was repaid last year.

(iii) Other income included portfolio gains of $145.5 million which were mainly from the sale of property, plant and equipment (See note H).

(iv) The Group recognised fair value gains of $108.1 million from the revaluation of its portfolio of investment properties held by subsidiaries.

(v) The foreign exchange gain of $12.9 million arose mainly from the revaluation of sterling pound monetary assets and USD denominated loans as the sterling pound appreciated against the SGD while the USD weakened against the SGD during the quarter.

(C) Administrative Expenses

	Group		
	2Q 2007 S$'000	**2Q 2006 S$'000 (restated)**	**% Change**
Administrative Expenses	**(128,913)**	**5,642**	**NM**
<u>Included in Administrative Expenses:-</u>			
Depreciation and amortisation	(10,499)	(8,301)	26.5
Allowance for doubtful receivables	(49)	(481)	(89.8)
Negative goodwill on acquisition	–	77,000	NM

NM : Not meaningful

Administrative expenses comprise staff costs, depreciation expenses, operating lease expenses and other administrative expenses.

2Q 2006's administrative expenses included the recognition of a $77.0 million negative goodwill (which is the difference between the cost of the shares and the fair value of the underlying net tangible assets) upon acquisition of a 20% stake in Lai Fung Holdings Limited.

Excluding this negative goodwill, administrative expenses in 2Q 2006 would be $71.4 million. In comparison, 2Q 2007's administrative expenses were higher, largely attributable to higher staff costs and share based expenses in line with the growth and performance of the Group. Staff headcount has increased as the Group strengthened its human resources to meet the expanding business operations. The share based expenses were also higher due to higher market value of CapitaLand's shares.

(D) Other Operating Expenses

The other operating expenses in 2Q 2007 was in respect of a write back of mark-to-market provision of $1.0 million from the Group's hedging instruments.

(E) Share of results (net of tax) of Associates and Jointly-Controlled Entities

The increase in share of results was mainly attributable to the Group's share of fair value gains from the investment properties held by the associates and jointly-controlled entities and a divestment gain by one of the associates.

(F) 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.

In line with the higher profit, tax expenses were also higher in 2Q 2007. There was a $0.3 million over-provision of tax for prior years (2Q 2006 : over-provision of $1.1 million).

(G) Discontinued Operations

In 2Q 2006, Raffles Holdings Limited recorded an additional gain of $14.3 million upon finalisation of the divestment accounts of the hotel's business.

(H) Gain from the sale of investments

Included in the Group's profit after tax and minority interests ("PATMI") for 2Q 2007 were the following net gains from the sale of investments / property, plant and equipment:

	S$M
Master Golf Course Country Club	61.9
Investment in CRS Class E Bonds (accounted for in Share of Associates' results – refer to item E)	7.0
1C Homebush Bay Drive, Rhodes, Sydney	6.0
Sale of Financial Assets	5.8
Premier Health Group Corporation	3.3
Others	1.5
Total Group's share of gain after tax & MI for 2Q 2007	**85.5**

Note : Temasek Tower was divested on 16 April 2007, for which a fair value gain of $426.8 million was recognised in 1Q 2007.

1(b)(i) Balance Sheet

As at 30/06/2007 vs 31/12/2006

	Group			Company		
	30/06/2007 S$'000	31/12/2006 S$'000 (restated)	% Change	30/06/2007 S$'000	31/12/2006 S$'000	% Change
Non-Current Assets						
Property, Plant & Equipment	1,437,498	1,448,302	(0.7)	1,734	1,761	(1.5)
Intangible Assets	39,231	38,757	1.2	–	–	–
Investment Properties	4,076,344	5,372,184	(24.1)	–	–	–
Properties Under Devt	357,415	296,116	20.7	–	–	–
Interests in Subsidiaries	–	–	–	3,792,458	2,895,750	31.0
Interests in Associates & Jointly-Controlled Entities	6,088,751	4,747,291	28.3	–	–	–
Other Assets	425,558	363,248	17.2	230	231	(0.4)
	12,424,797	**12,265,898**	**1.3**	**3,794,422**	**2,897,742**	**30.9**
Current Assets						
Devt Properties for Sale	*4,015,262*	*3,622,665*	*10.8*	–	–	–
Trade & Other Receivables	*1,508,317*	*2,024,538*	*(25.5)*	*1,599,790*	*1,544,600*	*3.6*
Cash & Cash Equivalents	*3,995,682*	*2,684,851*	*48.8*	*747,037*	*1,477,510*	*(49.4)*
Other Current Assets	*312,510*	*806*	*NM*	*300,000*	–	*NM*
	9,831,771	**8,332,860**	**18.0**	**2,646,827**	**3,022,110**	**(12.4)**
Less: Current Liabilities						
Trade & Other Payables	*2,145,262*	*1,862,377*	*15.2*	*246,859*	*472,861*	*(47.8)*
Short-Term Borrowings	*1,499,341*	*1,793,390*	*(16.4)*	*164,958*	*208,939*	*(21.0)*
Finance Leases	*3,761*	*3,594*	*4.6*	–	–	–
Other Current Liabilities	*367,677*	*316,827*	*16.0*	*9,580*	*6,980*	*37.2*
	4,016,041	**3,976,188**	**1.0**	**421,397**	**688,780**	**(38.8)**
Net Current Assets	**5,815,730**	**4,356,672**	**33.5**	**2,225,430**	**2,333,330**	**(4.6)**
Less: Non-Current Liabilities						
Long-Term Borrowings	7,012,126	6,288,159	11.5	1,319,274	461,679	185.8
Finance Leases	43,707	44,685	(2.2)	–	–	–
Other Non-Current Liabilities	448,530	825,277	(45.7)	50,727	34,972	45.1
	7,504,363	**7,158,121**	**4.8**	**1,370,001**	**496,651**	**175.8**
Net Assets	**10,736,164**	**9,464,449**	**13.4**	**4,649,851**	**4,734,421**	**(1.8)**
Representing:						
Share Capital	4,345,114	4,304,907	0.9	4,345,114	4,304,907	0.9
Reserves	4,400,014	3,063,392	43.6	304,737	429,514	(29.1)
Equity attributable to Equity Holders of the Company	8,745,128	7,368,299	18.7	4,649,851	4,734,421	(1.8)
Minority Interests	1,991,036	2,096,150	(5.0)	–	–	–
Total Equity	**10,736,164**	**9,464,449**	**13.4**	**4,649,851**	**4,734,421**	**(1.8)**

NM : Not meaningful

Note : The Group's comparative balance sheet as at 31 December 2006 had been restated to take into account the retrospective adjustments relating to FRS 16 – Property, Plant and Equipment. Please refer to Note 4.

1(b)(ii) Group's borrowings (including finance leases)

	Group	
	As at 30/06/2007 S$'000	As at 31/12/2006 S$'000
Amount repayable in one year or less, or on demand:-		
Secured	432,612	244,525
Unsecured	1,070,490	1,552,459
Sub-Total 1	**1,503,102**	**1,796,984**
Amount repayable after one year:-		
Secured	2,374,365	2,889,854
Unsecured	4,681,468	3,442,990
Sub-Total 2	**7,055,833**	**6,332,844**
Total Debt	**8,558,935**	**8,129,828**

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.

1(c) Consolidated Statement of Cash Flows

	Group			
	2Q 2007 S$'000	**2Q 2006 S$'000 (restated)**	**1H 2007 S$'000**	**1H 2006 S$'000 (restated)**
Cash Flows from Operating Activities				
Profit after taxation	**1,032,703**	**200,272**	**1,723,441**	**342,360**
Adjustments for :				
Amortisation and impairment of intangible assets	357	4	360	9
Negative goodwill on acquisition	-	(77,000)	-	(77,000)
(Write back)/Allowance for:				
- Foreseeable losses on development properties for sale	(48,949)	(13,383)	(69,166)	(13,716)
- Loans to associates and jointly-controlled entities	–	–	84	–
- Non-current portion of financial assets	–	(11)	–	(11)
Share-based expenses	17,331	5,488	27,291	10,295
Changes in fair value of financial instruments and assets	(5,145)	7,204	(433)	(4,327)
Depreciation of property, plant and equipment	10,147	9,775	19,246	19,447
(Gain)/Loss on disposal/Write off of property, plant and equipment	(119,294)	86	(119,042)	(123)
Gain on disposal of investment properties	(2,485)	(15,617)	(46,863)	(17,308)
Valuation gain on investment properties	(108,085)	-	(586,004)	-
Gain on disposal of non-current financial assets	(5,820)	(7,917)	(7,556)	(8,937)
Gain on disposal/dilution of subsidiaries and associates	(1,961)	(10,918)	(86,317)	(62,135)
Share of results of associates, jointly-controlled entities	(689,783)	(25,586)	(740,460)	(65,920)
Accretion of deferred income/(loss)	167	(1,132)	(1,459)	(2,346)
Interest expense	97,150	73,534	188,253	143,607
Interest income	(27,473)	(34,935)	(61,090)	(67,337)
Tax expense	94,870	55,152	132,494	66,636
	(788,973)	**(35,256)**	**(1,350,662)**	**(79,166)**
Operating profit before working capital changes	**243,730**	**165,016**	**372,779**	**263,194**
Decrease/(Increase) in working capital				
Inventories, trade and other receivables	(31,660)	(118,542)	(68,083)	(80,055)
Development properties for sale	130,985	(7,714)	(192,647)	91,940
Trade and other payables	(38,371)	107,080	(197,086)	(14,154)
Financial assets	(310,920)	–	(284,687)	231
	(249,966)	**(19,176)**	**(742,503)**	**(2,038)**
Cash (used in)/generated from operations	**(6,236)**	**145,840**	**(369,724)**	**261,156**
Income tax paid	(14,974)	(21,849)	(42,351)	(53,338)
Customer deposits and other non-current payables (refunded)/received	(2,766)	(458)	2,311	2,942
Net cash (used in)/generated from Operating Activities	**(23,976)**	**123,533**	**(409,764)**	**210,760**

1(c) Consolidated Statement of Cash Flows (cont'd)

	Group			
	2Q 2007 S$'000	2Q 2006 S$'000 Restated	1H 2007 S$'000	1H 2006 S$'000 Restated
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	232,499	8,953	232,676	9,210
Purchase of property, plant and equipment	(67,359)	(19,934)	(93,849)	(27,246)
(Increase)/Decrease in associates, jointly controlled entities and partnership	(216,661)	293,474	(209,064)	(598,371)
Increase/(Decrease) in amounts owing by investee companies	348	(4,928)	1,850	(4,928)
Deposit for new investments	(21,347)	–	(21,347)	–
Acquisition of investment properties and properties under development	(109,396)	(398,384)	(216,230)	(535,332)
Proceeds from disposal of investment properties	1,029,236	166,812	1,367,230	174,130
Disposal/(Acquisition) of non-current financial assets (net)	4,749	17,055	(32,068)	17,055
Dividends received from associates and jointly-controlled entities	21,509	12,916	50,098	32,708
Disposal/(Acquisition) of subsidiaries (net)	4,833	30,141	328,850	134,987
Interest income received	23,233	39,196	52,459	61,785
Net cash generated from/(used in) Investing Activities	**901,644**	**145,301**	**1,460,605**	**(736,002)**
Cash Flows from Financing Activities				
Proceeds from issue of shares under share option plan	15,058	16,563	39,774	30,728
(Repayment of)/Proceeds from amounts owing to/by minority interests	(5,849)	1,761	(39,968)	11,912
(Return of Capital to)/Contribution from minority interests (net)	(14,066)	128,445	125,639	221,584
Proceeds from/(Repayment of) sales of future receivables	11,550	(65,526)	15,811	259,911
Proceeds from borrowings net of repayments	510,395	367,696	742,821	510,439
Repayment of finance lease payables	(978)	(934)	(1,904)	(1,779)
Dividends paid to minority interests	(72,622)	(64,091)	(79,910)	(86,631)
Dividends paid to shareholders	(317,065)	(399,089)	(317,065)	(399,089)
Interest expense paid	(118,455)	(77,634)	(224,396)	(157,542)
Net cash generated from/(used in) Financing Activities	**7,968**	**(92,809)**	**260,802**	**389,533**
Net increase/(decrease) in cash and cash equivalents	**885,636**	**176,025**	**1,311,643**	**(135,709)**
Cash and cash equivalents at beginning of the year	3,104,137	1,784,527	2,684,852	2,105,015
Effect of exchange rate changes on cash balances held in foreign currencies	5,909	(3,364)	(813)	(12,118)
Cash and cash equivalents at end of the period	**3,995,682**	**1,957,188**	**3,995,682**	**1,957,188**

Cash at banks and in hand at end of the period	3,995,682	1,957,188	3,995,682	1,957,188
Bank overdraft at end of the period	–	–	–	–
Cash and cash equivalents in the consolidated balance sheet	**3,995,682**	**1,957,188**	**3,995,682**	**1,957,188**

Cash and cash equivalents at end of the period
The cash and cash equivalents of about $3,995.7 million as at 30/06/2007 included $3,175.5 million in fixed deposits and $132.0 million in Project Accounts whose withdrawals are restricted to the payment of development projects expenditure.

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

As at 30/06/2007 vs 30/06/2006 – GROUP

S$'000	Share Capital	Revaluation Reserve	Accumulated Profits	Other Reserves*	Total	Minority Interests	Total Equity
Balance as at 01/04/2007	**4,330,056**	**–**	**2,183,823**	**1,503,557**	**8,017,436**	**1,897,179**	**9,914,615**
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans				29,394	**29,394**	46,374	**75,768**
Changes in fair value of available-for-sale investments				(21,357)	**(21,357)**	–	**(21,357)**
Effective portion of changes in fair value of cash flow hedge				16,591	**16,591**	7,541	**24,132**
Realisation of foreign exchange reserves transferred to income statement				16,690	**16,690**	4,709	**21,399**
Realisation of available-for-sale reserve transferred to income statement				(4,235)	**(4,235)**	–	**(4,235)**
Realisation of hedging reserves transferred to income statement				(13)	**(13)**	–	**(13)**
Realisation of equity compensation reserve transferred to income statement				(15)	**(15)**	–	**(15)**
Net gains recognised directly in equity				37,055	**37,055**	58,624	**95,679**
Profit for 2Q 2007			912,595		**912,595**	120,108	**1,032,703**
Total recognised gains for the period			**912,595**	**37,055**	**949,650**	**178,732**	**1,128,382**
Dividends paid			(317,065)		**(317,065)**	–	**(317,065)**
Issue of shares under share option plan	15,058				**15,058**	–	**15,058**
Convertible bonds				65,440	**65,440**		**65,440**
Cost of share-based payment				14,609	**14,609**	1,428	**16,037**
Effects of acquisition/ disposal, dilution and liquidation of subsidiaries (net)					**–**	385	**385**
MI Contribution (net)						(14,066)	**(14,066)**
Dividends paid to MI					**–**	(72,622)	**(72,622)**
Balance as at 30/06/2007	**4,345,114**	**–**	**2,779,353**	**1,620,661**	**8,745,128**	**1,991,036**	**10,736,164**

* Includes foreign currency translation reserve, capital reserve, available-for-sale reserve, equity compensation reserve and hedging reserve.

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

As at 30/06/2007 vs 30/06/2006 – GROUP

S$'000	Share Capital	Revaluation Reserve	Accumulated Profits	Other Reserves*	**Total**	Minority Interests	**Total Equity**
Balance as at 01/04/2006	**4,279,904**	**191,248**	**836,943**	**1,402,544**	**6,710,639**	**2,415,991**	**9,126,630**
Revaluation surplus on investment properties		18,039			**18,039**	16,054	**34,093**
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans				(21,557)	**(21,557)**	(12,352)	**(33,909)**
Changes in fair value of available-for-sale investments				(19,560)	**(19,560)**	–	**(19,560)**
Effective portion of changes in fair value of cash flow hedge				12,345	**12,345**	9,592	**21,937**
Net gains/(losses) recognised directly in equity		18,039		(28,772)	**(10,733)**	13,294	**2,561**
Profit for 2Q 2006 (restated)			157,182		**157,182**	43,090	**200,272**
Total recognised gains/(losses) for the period		**18,039**	**157,182**	**(28,772)**	**146,449**	**56,384**	**202,833**
Dividends paid			(399,089)		**(399,089)**	–	**(399,089)**
Issue of shares under share option plan	16,563				**16,563**	–	**16,563**
Cost of share-based payment				5,302	**5,302**	186	**5,488**
Effects of acquisition/ disposal, dilution and liquidation of subsidiaries (net)					**–**	43,955	**43,955**
MI Contribution (net)					**–**	128,445	**128,445**
Dividends paid to MI					**–**	(64,091)	**(64,091)**
Others			1,497	(753)	**744**	–	**744**
Balance as at 30/06/2006	**4,296,467**	**209,287**	**596,533**	**1,378,321**	**6,480,608**	**2,580,870**	**9,061,478**

* Includes foreign currency translation reserve, capital reserve, available-for-sale reserve, equity compensation reserve and hedging reserve.

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

As at 30/06/2007 vs 30/06/2006 – COMPANY

S$'000	Share Capital	Capital Reserve	Accumulated Profits	Equity Comp. Res	Total
Balance as at 01/04/2007	**4,330,056**	**41,831**	**437,347**	**26,419**	**4,835,653**
Profit for 2Q 2007			37,704		37,704
Total recognised gains for the period			**37,704**		**37,704**
Dividends paid			(317,065)		(317,065)
Issue of shares under share option plan	15,058				15,058
Equity portion of convertible bonds		75,440			75,440
Cost of share-based payment				3,061	3,061
Balance as at 30/06/2007	**4,345,114**	**117,271**	**157,986**	**29,480**	**4,649,851**
Balance as at 01/04/2006	**4,279,904**	**–**	**593,364**	**22,034**	**4,895,302**
Profit for 2Q 2006			49,785		49,785
Total recognised gains for the period			**49,785**		**49,785**
Dividends paid			(399,089)		(399,089)
Issue of shares under share option plan	16,563				16,563
Cost of share-based payment				4,767	4,767
Balance as at 30/06/2006	**4,296,467**	**–**	**244,060**	**26,801**	**4,567,328**

1(d)(ii) Changes in the Company's issued share capital

Issued Share Capital

As at 30/06/2007, the issued and fully paid-up share capital of the Company was $4,345.1 million (30/06/2006: $4,296.5 million). Movements in the Company's issued and fully paid-up share capital during 2Q 2007 were as follows:

	$'000
As at 01/04/2007	4,330,056
Issue of shares under CapitaLand Share Option Plan	15,058
As at 30/06/2007	**4,345,114**

As at 30/06/2007, the issued ordinary shares of the Company numbered 2,803,479,561 (30/06/2006: 2,773,408,492). During the quarter, the Company issued 8,228,212 ordinary shares under Share Option Plan.

Share Options

As at 30/06/2007, the number of outstanding share options under the Company's Share Option Plan was 34,494,040 (30/06/2006: 63,630,987).

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

Performance Shares

As at 30/06/2007, the number of outstanding performance shares under the Company's Performance Share Plan was 9,136,347 (30/06/2006: 9,336,822).

The final number of performance shares given will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more performance shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

Shares under Restricted Stock Plan

As at 30/06/2007, the number of shares awarded and outstanding under the Company's Restricted Stock Plan was 4,704,410 (30/06/2006: Nil), of which 647,511 are to be cash settled.

The final number of shares to be released will depend on the achievement of threshold performance level at the end of one-year performance period and the release shall be over a vesting period of two to three years. No shares will be released if the threshold targets are not met at the end of the one-year performance period. On the other hand, if superior targets are met, more shares than the baseline award could be released up to a maximum of 150% of the baseline award.

Convertible Bonds

On 20 June 2007, CapitaLand issued $1 billion of Convertible Bonds due in 2022. These convertible bonds are convertible by holders into ordinary shares of the Company at any time on or after 20 June 2008 at a conversion price of $13.8871 per share

As at 30/06/2007, there also existed $430 million of Convertible Bonds due in 2016 which are convertible by holders into ordinary shares of the Company at any time on or after 26 December 2006 at a conversion price of $7.2611 per share.

Based on the respective conversion prices, and assuming the Bonds are fully converted, the number of new ordinary shares to be issued would be 131,228,952, representing a 4.7% increase over the total number of issued shares of the Company as at 30/06/2007.

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

Adoption of New & Revised Financial Reporting Standards

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 31/12/2006, except for the adoption of the following Financial Reporting Standard ("FRS") or Interpretation of Financial Reporting Standard ("INT FRS") that became effective for financial years beginning on or after 1 January 2007.

FRS 40 – Investment Property

FRS 40 *Investment Property*, which became mandatory for the Group 2007's financial statements, permits investment properties to be stated at either fair value or cost less accumulated depreciation and impairment losses.

With the adoption of FRS 40, the Group continues to classify its investment properties which met the recognition criteria under FRS 40 as investment properties and states them at fair value. Investment properties which do not meet the FRS 40 recognition criteria are reclassified as property, plant and equipment under FRS 16 *Property, Plant and Equipment*. This change has resulted in the Group measuring its serviced residences properties at cost less accumulated depreciation and impairment losses, after considering the serviced residences properties' residual values.

In accordance with the transitional provisions of FRS 40, the Group has elected to recognise the effects of FRS 40 adoption as an adjustment to the opening balance of retained earnings as at 1 January 2007. In respect of the Group's serviced residences properties accounted under the cost model of FRS 16, the change in accounting policy was recognised retrospectively in accordance with the provisions of FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the comparatives have been restated.

Accordingly, subject to year end audit, the effects on the Group's financial statements arising from the change in accounting policy and the adoption of FRS 40 are as follows:

	Increased/(Decreased)	
	2007 S$M	**2006 S$M**
Change in accounting policy - FRS 16		
Equity - as at 1 January		
Assets Revaluation Reserve	(17.8)	4.5
Accumulated Profits	(14.0)	(20.4)
Minority Interests	(16.5)	(9.8)
Income Statement		
Year-to-date June PATMI	(2.0)	(2.0)

	Increased /(Decreased)
	2006 S$M
Non-Current Assets - as at 31 December	
Investment Properties	(1,181.5)
Properties under Development	(117.6)
Property, Plant and Equipment	1,266.3
Other Assets	(15.5)

	Increased/(Decreased) 2007 S$M
Adoption of new accounting standard – FRS 40	
Equity - as at 1 January	
Assets Revaluation Reserve	(271.2)
Accumulated Profits	241.6
Income Statement	
Year-to-date June PATMI	1,090.4 [1]
Non-Current Assets - as at 1 January	
Interest in Associates	(29.6)

[1] *Includes fair value gain of $430.7 million from Temasek Tower, which was divested in April 2007. The fair value gain would have been recorded as divestment gain if FRS 40 was not adopted.*

Other Improvements to FRS applicable from 1 January 2007

Apart from FRS 40, the Group also adopted various revised or new FRS and INT FRS, applicable from 1 January 2007. These do not have a significant financial impact on the Group.

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 :

		Group			
		2Q 2007	2Q 2006 (restated)	1H 2007	1H 2006 (restated)
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents) from:				
	- continuing operations	32.6 cents	5.4 cents	54.4 cents	10.1 cents
	- discontinued operations	–	0.3 cents	–	0.3 cents
	Total	**32.6 cents**	**5.7 cents**	**54.4 cents**	**10.4 cents**
	- weighted average number of ordinary shares (in million)	2,800.8	2,770.3	2,793.1	2,762.5
6(b)	EPS based on fully diluted basis (in cents) from:				
	- continuing operations	31.5 cents	5.3 cents	52.8 cents	9.9 cents
	- discontinued operations	–	0.3 cents	–	0.3 cents
	Total	**31.5 cents**	**5.6 cents**	**52.8 cents**	**10.2 cents**
	- weighted average number of ordinary shares (in million)	2,913.8	2,814.8	2,899.2	2,806.3

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

	Group		Company	
	30/06/2007	31/12/2006 (restated)	30/06/2007	31/12/2006
NAV per ordinary share	$3.12	$2.65	$1.66	$1.70
NTA per ordinary share	$3.11	$2.64	$1.66	$1.70

8. Review of the performance of the group

GROUP OVERVIEW

S$M	2Q 2007	2Q 2006 (restated)	Variance %	1H 2007	1H 2006 (restated)	Variance %
Revenue	935.6	771.7	21.2	1,572.6	1,430.4	9.9
EBIT	1,224.7	314.6	289.3	2,044.2	538.3	279.8
Finance costs	(97.2)	(73.5)	(32.1)	(188.3)	(143.6)	(31.1)
PBT	1,127.6	241.1	367.7	1,855.9	394.7	370.3
PATMI	912.6[2]	157.2[1]	480.6	1,520.7[2]	286.7[1]	430.3

(1) *Includes profit from discontinued operations. (Please refer to Item G).*
(2) *Includes unrealised fair value gains of $645.4 million and $647.4 million in 2Q 2007 and 1H 2007 respectively.*

2Q 2007 vs 2Q 2006

The Group's profit after tax and minority interests ("PATMI") of $912.6 million was the highest ever recorded in any quarter. The exceptional performance was achieved on the back of fair value gains in respect of the investment properties portfolio, higher profits from development projects and higher portfolio gains.

Revenue was boosted by higher sales from China's development projects, higher fee income from CapitaMall Trust as well as the consolidation of revenue from Raffles City Shanghai. The increases were partially offset by the deconsolidation of revenue from ART, following the reduction of the Group's beneficial interest in ART to 37.5% with effect from March 2007.

Earnings before interest and tax ("EBIT") were boosted by fair value gains, higher development profits and higher portfolio gains as mentioned above.

1H 2007 vs 1H 2006

Revenue growth was mainly attributable to higher sales of China's development projects and the consolidation of revenue from Raffles City Shanghai. Overseas revenue contributed 69.7% of the Group's revenue. This was up from 64.8% a year ago mainly due to higher contributions from China.

The exceptionally strong EBIT was driven by higher profits from development projects, the recognition of fair value gains from the Group's investment properties portfolio, including Temasek Tower which has since been divested in April 2007, and higher portfolio gains. Overseas EBIT contribution in 1H 2007 increased by 65% from $382.0 million to $630.1 million.

The higher finance costs were mainly attributable to higher gross debt and higher interest rates.

The Group's net debt and gearing (net debt to equity ratio) as at end June 2007 were $4.6 billion and 0.43 respectively compared to a net debt of $5.0 billion and gearing of 0.55 as at end June 2006. The decrease in net debt of about $0.4 billion was due to higher cash balances.

Segment Performance

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

S$M	2Q 2007	2Q 2006 (restated)	Variance %	1H 2007	1H 2006 (restated)	Variance %
Revenue	728.0	588.5	23.7	1,157.0	1,075.3	7.6
EBIT	371.4	213.7	73.8	492.5	286.9	71.7

CRL's 2Q 2007 revenue was 23.7% higher than 2Q 2006 and this was mainly contributed by higher revenue contribution from China.

2Q 2007 EBIT was also higher than that achieved for the same period last year. The improved performance was contributed by Australia, Singapore and China sectors.

In Singapore, CRL acquired the Char Yong Gardens site in June 2007 and the Farrer Court site in July 2007, bringing the total size of the residential landbank managed in Singapore to 5.5 million square feet of potential gross floor area.

Overseas, CRL acquired a prime residential site in Chengdu City, Sichuan Province in China with potential to build 3,800 homes. In Vietnam, the pre-sale of CRL's maiden residential project, The Vista, in Ho Chi Minh City received overwhelming buyers' interest with Phase 1, comprising 273 units fully booked.

In Australia, Australand successfully launched Australand Wholesale Property Fund No. 6 ("AWPF 6"), with an equity of A$155 million. AWPF 6 is the sixth of Australand's wholesale property trust offerings. The fund acquired eight high quality commercial and industrial properties from Australand, with a total on-completion value of approximately A$215 million. As of 30 June 2007, Australand held a stake of approximately 42% in the fund.

1H 2007 revenue was higher due to higher sales from China, offset by lower revenue from Singapore and Australia operations.

EBIT in 1H 2007 was contributed by Australia, Singapore and China. The increases came from stronger sales, write back of previous provisions and fair value gains. Singapore operations, in particular, recorded a significant increase in EBIT due to the rebound in the property prices. However, this is not reflected in the revenue growth as some of the development projects were joint ventures for which the Group only accounted for its share of results.

Commercial SBU: CapitaLand Commercial Limited ("CCL")

S$M	2Q 2007	2Q 2006 (restated)	Variance %	1H 2007	1H 2006 (restated)	Variance %
Revenue	43.2	28.9	49.6	94.0	61.1	54.0
EBIT	549.6	14.4	NM	1,110.5	101.4	994.9

NM : Not meaningful

The increases in revenue for 2Q 2007 and 1H 2007 were mainly due to the consolidation of revenue from Raffles City Shanghai which became a subsidiary in September 2006 and higher property management fee income but partially offset by lower rental income following the divestment of Temasek Tower in April 2007.

The increases in EBIT for 2Q 2007 and 1H 2007 were mainly due to the fair value gains arising from the revaluation of the investment properties and improved operating performance. 1H 2007's EBIT also included the fair value gain of Temasek Tower which was divested in April 2007.

Retail SBU: CapitaLand Retail Limited ("CRTL")

S$M	2Q 2007	2Q 2006	Variance %	1H 2007	1H 2006	Variance %
Revenue	29.6	20.6	44.2	50.7	39.2	29.1
EBIT	120.6	19.7	510.6	144.2	39.9	261.3

Revenue for 2Q 2007 was higher due mainly to higher fee income and higher revenue from Clarke Quay on completion of its asset enhancement works in 4Q 2006.

The increase in 2Q 2007 EBIT came from fair value gains of the retail properties, higher fee income, higher contribution from Clarke Quay, partially offset by lower unrealised foreign exchange gains from the revaluation of USD denominated loans.

Revenue and EBIT for 1H 2007 were also higher than the same period last year for the same reasons mentioned above.

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

S$M	2Q 2007	2Q 2006	Variance %	1H 2007	1H 2006	Variance %
Revenue	31.8	18.3	74.2	55.1	37.2	48.0
EBIT	33.3	5.9	464.4	45.4	25.5	78.2

2Q 2007's revenue increase was attributable to higher acquisition fees and fund management fees. The acquisition fees in 2Q 2007 was mainly from CapitaMall Trust for the acquisition of CRS bonds and the higher fund management fees was a result of the enlarged Assets Under Management (AUM). The AUM as at end June 2007 was $14.3 billion (excludes AUM under Ascott Residence Trust) compared to $8.7 billion a year ago.

EBIT for 2Q 2007 was significantly higher arising from the growth in fee income and higher share of profits from associates and mark-to-market gain on investments, partially offset by higher staff costs and lower dividend income.

Revenue and EBIT for 1H 2007 were higher than the same period last year for the same reasons mentioned above.

Serviced Residences SBU: The Ascott Group & Ascott Residence Trust ("TAG & ART")

S$M	2Q 2007	2Q 2006 (restated)	Variance %	1H 2007 S$'000	1H 2006 (restated)	Variance %
Revenue	107.1	121.4	(11.8)	226.4	227.9	(0.7)
EBIT	141.1	48.5	190.8	170.3	63.2	169.7

The decreases in revenue for 2Q 2007 and 1H 2007 were mainly attributable to the deconsolidation of ART but mitigated by the higher revenue from the serviced residences in Europe and North Asia. In Europe, the revenue for 2Q 2007 increased as compared to 2Q 2006, mainly boosted by a 6% increase in revenue per available unit ("REVPAU"). The strong REVPAU growth was a result of TAG's initiatives on yield maximisation coupled with the growing popularity and demand for serviced residences. In North Asia, the revenue for 2Q 2007 increased, mainly due to the successful launch of its Citadines branded properties in Shanghai and Suzhou in China.

The strong EBIT for 2Q 2007 and 1H 2007 were underpinned by the realisation of portfolio gains and strong operating performance.

9. Variance from Prospect Statement

The current results are broadly in line with the prospect statement made when the first quarter 2007 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")

In Singapore, the property sector is expected to remain buoyant for the rest of the year. CRL plans to launch the residential project called "Latitude" at Jalan Mutiara in the later part of this year.

In China, CRL will continue to actively source for prime sites in key gateway as well as the inner cities in China. In the second half of the year, CRL plans to launch its first project in Hangzhou and Chengdu.

Following the favourable response from the pre-sale of The Vista in Ho Chi Minh City, CRL will release Phase 2 in the second half of the year.

In Australia, with improved performance across all operating divisions and a quality investment portfolio, Australand expects its total reported profit after tax and minority interests to show an improvement over the previous year.

Commercial SBU: CapitaLand Commercial Limited ("CCL")

In Singapore, demand for office space continued to be strong. The average prime office rents rose another 22% in 2Q 2007 to $10.50 psf per month and this was a 75% increase from a year ago. Prime rents have exceeded the 1996 peak of $9.90 psf per month and are fast closing on the 1990 historical peak of $11.50 psf per month. Grade A office rents average $12.40 psf per month, reflecting a 17% increase quarter-on-quarter and an 82% increase year-on-year.

The industrial sector had strengthened further as a result of a buoyant economy. Strong demand for industrial space, particularly hi-tech space, drove up rental rates in 2Q 2007. CCL expects its office and industrial properties in Singapore to perform well for the rest of 2007.

CCL also expects its overseas properties in Hong Kong, China and United Kingdom to continue to do well as the global economy remains buoyant.

In Hong Kong, Grade A office rents have continued to edge higher. In Shanghai, demand for office space remained robust, boosted by double-digit GDP growth and the continued inflow of foreign direct investment in the service sector. In the United Kingdom, rents for prime central London have increased and stronger rental growth is expected as London is a key global financial centre.

Retail SBU: CapitaLand Retail Limited ("CRTL")

The Singapore economy continued to grow at a healthy pace with the advance GDP estimates indicating a growth of 8.2% in the second quarter of 2007, up from 6.4% in the previous quarter. The outlook for the retail sector in Singapore remains rosy with prime retail rentals expecting to increase by 8% to 10% while average island-wide rentals projected to increase by 3% to 5%.

In China, the economy is expected to record a double digit growth in 2007. CRTL expects its retail malls in China to benefit from the strong economic fundamentals and it will continue to expand its China business through acquisitions and management of malls anchored by Wal-Mart and other China malls.

In July 2007, CRTL signed a Co-operative Agreement with China Vanke Co., Ltd, the largest residential developer in China, to increase its potential pipeline of retail malls, thereby further strengthening CapitaLand's footprint in China.

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

CFL now manages four REITs and thirteen private equity funds across Singapore, China, Japan, Malaysia and the Gulf Cooperation Council (GCC) region.

CFL will continue to focus on strengthening its fund management business in 2007 by growing its Assets Under Management through accretive acquisitions and origination of new property funds/real estate products comprising assets in Asia.

Serviced Residences Group: The Ascott Group & Ascott Residence Trust ("Serviced Residences Group")

The general business and market sentiments in Asia and Europe remain positive and will continue to drive REVPAU growth for the serviced residences in those regions. The asset enhancement plans are expected to further improve the overall performance of TAG's portfolio.

TAG will continue to execute its strategy of acquiring and incubating properties to build up a strong pipeline for portfolio gains in the future. TAG is also expected to benefit from higher fee-based income through new serviced residence management contracts and REIT management fees.

TAG's portfolio gains and operating performance in 2007 are expected to remain strong.

GROUP OVERALL PROSPECTS FOR 2007

The Group continues to see strong and sustainable growth trends in Asia. Given CapitaLand's substantial financial capacity and its capital efficient business model, the Group is in a good position to benefit from this as we execute our growth plans. In Singapore, we expect excellent full year performance due to underlying strength in all property sectors. Our continuing expansion in China is bearing fruit as evidenced by the strong 1H 2007 results.

The Group's prospects are underpinned by the following:

- Expansion of our geographic footprint in China, India and other growth markets including Vietnam and the GCC region, while continuing to seek opportunities in Singapore to benefit from the firm property market.

- Continuing focus on the residential, retail, commercial and integrated developments, while rapidly extending our lead in the serviced residences business through The Ascott Group.

- Growing the fund management business (REIT and private equity fund) through our international network and reputation.

- Pro-active capital management and capital recycling to achieve optimal risk-adjusted returns for shareholders, guided by our disciplined risk management processes.

- Talent development with an emphasis on nurturing innovation, creativity and entrepreneurship among our more than 6,000 strong global staff.

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)(i) By Strategic Business Units (SBUs) – 2Q 2007 vs 2Q 2006

	Revenue			Earnings before interest & tax		
	2Q 2007 S$'000	2Q 2006 S$'000 (restated)	Variance %	2Q 2007 S$'000	2Q 2006 S$'000 (restated)	Variance %
Continuing operations						
Residential [1] [2]	727,962	588,485	23.7	371,374	213,685	73.8
Commercial [1]	43,223	28,896	49.6	549,632	14,426	NM
Retail	29,641	20,558	44.2	120,566	19,746	510.6
Financial Services	31,793	18,256	74.2	33,251	5,891	464.4
TAG & ART	107,131	121,408	(11.8)	141,145	48,532	190.8
Others and Consolidation adjms [3]	(4,160)	(5,876)	29.2	8,755	12,345	(29.1)
Total	**935,590**	**771,727**	**21.2**	**1,224,723**	**314,625**	**289.3**

13(a)(ii) By Strategic Business Units (SBUs) – 1H 2007 vs 1H 2006

	Revenue			Earnings before interest & tax		
	1H 2007 S$'000	1H 2006 S$'000 (restated)	Variance %	1H 2007 S$'000	1H 2006 S$'000 (restated)	Variance %
Continuing operations						
Residential [1] [2]	1,157,033	1,075,280	7.6	492,536	286,927	71.7
Commercial [1]	94,047	61,051	54.0	1,110,460	101,417	994.9
Retail	50,659	39,227	29.1	144,217	39,915	261.3
Financial Services	55,130	37,239	48.0	45,376	25,457	78.2
TAG & ART	226,407	227,948	(0.7)	170,335	63,153	169.7
Others and Consolidation adjms [3]	(10,670)	(10,367)	(2.9)	81,264	21,401	279.7
Total	**1,572,606**	**1,430,378**	**9.9**	**2,044,188**	**538,270**	**279.8**

NM : Not meaningful

Note : [1] The comparatives have been restated due to the Group's internal restructuring.
[2] Includes Australand's commercial operations and certain commercial assets in China.
[3] Includes start up costs of the new businesses of the Group. The comparatives included results from Raffles Holdings Limited Group which had ceased operations and was delisted from the official list of the Singapore Exchange Securities Trading Limited on 13 December 2006.

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

	Revenue			Earnings before interest & tax		
	1H 2007 S$'000	1H 2006 S$'000	Variance %	1H 2007 S$'000	1H 2006 S$'000 (restated)	Variance %
The Ascott Group	202,209	204,513	(1.1)	141,803	135,602	4.6

13(b)(i) By Geographical Location – 2Q 2007 vs 2Q 2006

	Revenue			Earnings before interest & tax		
	2Q 2007 S$'000	2Q 2006 S$'000	Variance %	2Q 2007 S$'000	2Q 2006 S$'000 (restated)	Variance %
Continuing operations						
Singapore	211,902	186,740	13.5	729,537	90,474	706.3
China [1]	322,702	164,497	96.2	290,982	123,920	134.8
Asia / GCC [2]	10,608	20,811	(49.0)	8,396	11,910	(29.5)
Australia & New Zealand	317,568	332,987	(4.6)	151,075	67,963	122.3
Europe	72,810	66,668	9.2	43,976	20,455	115.0
Others	-	24	NM	757	(97)	NM
Total	**935,590**	**771,727**	**21.2**	**1,224,723**	**314,625**	**289.3**

13(b)(ii) By Geographical Location – 1H 2007 vs 1H 2006

	Revenue			Earnings before interest & tax		
	1H 2007 S$'000	1H 2006 S$'000	Variance %	1H 2007 S$'000	1H 2006 S$'000 (restated)	Variance %
Continuing operations						
Singapore	475,826	502,877	(5.4)	1,414,046	156,280	804.8
China [1]	446,883	238,012	87.8	349,414	238,189	46.7
Asia / GCC [2]	33,577	42,276	(20.6)	27,780	19,274	44.1
Australia & New Zealand	485,164	530,899	(8.6)	197,046	99,445	98.1
Europe	131,156	116,290	12.8	55,214	25,179	119.3
Others	-	24	NM	688	(97)	NM
Total	**1,572,606**	**1,430,378**	**9.9**	**2,044,188**	**538,270**	**279.8**

NM : Not meaningful

Note : [1] Greater China including Macau and Hong Kong.
[2] Excludes Singapore and China.

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.

17. Confirmation Pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the balance sheet, consolidated income statement, statement of changes in equity and consolidated cash flows statement, together with their accompanying notes) as at 30 June 2007 and the results of the business, changes in equity and cash flows of the Group for the six months ended on that date, to be false or misleading in any material respect.

On behalf of the Board

Dr Hu Tsu Tau
Chairman

Liew Mun Leong
Director

BY ORDER OF THE BOARD

Low Sai Choy
Company Secretary
31 July 2007

This announcement 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.