CAPITALAND LIMITED

(Registration Number : 198900036N)

2008 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

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CAPITALAND LIMITED
2008 SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT

1(a)(i) Income Statement

	Group						
	Note	2Q 2008 S$'000	2Q 2007 S$'000	Change %	1H 2008 S$'000	1H 2007 S$'000	Change %
Revenue	A	**820,138**	**935,590**	**(12.3)**	**1,451,412**	**1,572,606**	**(7.7)**
Cost of sales	A	(523,516)	(580,467)	(9.8)	(919,606)	(1,001,360)	(8.2)
Gross profit		296,622	355,123	(16.5)	531,806	571,246	(6.9)
Other operating income	B	443,047	307,709	44.0	683,135	959,487	(28.8)
Administrative expenses	C	(118,530)	(128,913)	(8.1)	(238,159)	(224,903)	5.9
Other operating expenses	D	(13,374)	1,022	NM	(18,582)	(2,102)	784.0
Profit from operations		607,765	534,941	13.6	958,200	1,303,728	(26.5)
Finance costs		(138,589)	(97,150)	42.7	(270,491)	(188,253)	43.7
Share of results (net of tax)							
- associates		285,023	458,649	(37.9)	316,762	485,128	(34.7)
- jointly-controlled entities		(5,026)	231,133	NM	11,617	255,332	(95.5)
	E	279,997	689,782	(59.4)	328,379	740,460	(55.7)
Profit before taxation		749,173	1,127,573	(33.6)	1,016,088	1,855,935	(45.3)
Taxation	F	(112,701)	(94,870)	18.8	(95,944)	(132,494)	(27.6)
Profit after taxation		636,472	1,032,703	(38.4)	920,144	1,723,441	(46.6)
Attributable to:							
Equity holders of the Company ("PATMI")		**515,247**	**912,595**	**(43.5)**	**762,716**	**1,520,728**	**(49.8)**
Minority interests ("MI")		121,225	120,108	0.9	157,428	202,713	(22.3)
		636,472	1,032,703	(38.4)	920,144	1,723,441	(46.6)

NM : Not meaningful

1(a)(ii) Explanatory Notes to Income Statement – 2Q 2008 vs 2Q 2007

(A) Revenue, Cost of Sales

The decrease in 2Q 2008's revenue was mainly attributable to lower sales from development projects in China, mitigated by revenue from Gurney Plaza and Mines Shopping Fair which were acquired in December 2007, the consolidation of revenue of 1 George Street which became a subsidiary in September 2007, higher revenue from serviced residence operations and higher fee-based income.

In line with the lower revenue, cost of sales also decreased but at a lower rate.

(B) Other Operating Income

		Group		
S$'000		**2Q 2008**	**2Q 2007**	**Change (%)**
Other Operating Income		**443,047**	**307,709**	**44.0**
Investment income		5,963	5,520	8.0
Interest income	(i)	20,883	27,473	(24.0)
Other income (including portfolio gains)	(ii)	58,944	153,766	(61.7)
Fair value gain of investment properties	(iii)	359,617	108,085	232.7
Foreign exchange (loss) / gain	(iv)	(2,360)	12,865	NM

(i) The decrease in interest income was attributable mainly to lower deposit interest rates and surplus funds.

(ii) Other income included portfolio gains of $26.3 million and marked-to-market gains from financial instruments and assets of $20.2 million. The portfolio gains comprised mainly realisation of deferred income from the sale of Wangjing Mall and the dilution gain arising from the initial public offering of an associate, Central China Real Estate Limited. 2Q 2007's other income included portfolio gains of $145.5 million which were mainly from the sale of property, plant and equipment and marked-to-market gains from financial assets of $2.0 million. (See note G for details on gains on sale of investments)

(iii) The fair value gains are gains from the revaluation of the Group's portfolio of investment properties held by its subsidiaries. The increase was mainly attributable to the Group's investment properties in China.

(iv) 2Q 2008's foreign exchange loss of $2.4 million arose mainly from the revaluation of MYR denominated receivables as MYR weakened against the SGD but partially offset by gains from the revaluation of USD denominated loans as the USD depreciated against the SGD and RMB.

2Q 2007's 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.

(C) Administrative Expenses

	Group		
S$'000	**2Q 2008**	**2Q 2007**	**Change (%)**
Administrative Expenses	**(118,530)**	**(128,913)**	**(8.1)**
Included in Administrative Expenses:-			
Depreciation and amortisation	(13,754)	(10,504)	30.9
Allowance for doubtful receivables and bad debts written off	554	(277)	NM

Administrative expenses comprise staff costs, depreciation expenses, operating lease expenses and other administrative expenses. The decrease in administrative expenses was largely attributable to lower staff costs.

(D) Other Operating Expenses

Other operating expenses of $13.4 million in 2Q 2008 was mainly in respect of a provision for the write down of an investment in Japan. 2Q 2007's other operating expenses was a credit balance as a result of a write back of earlier marked-to-market provisions for certain hedging instruments.

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

Share of results from associates and joint ventures was lower in 2Q 2008 as the fair value gains from investment properties held by these entities were lower compared to 2Q 2007. The smaller increase in valuations was a reflection of current market conditions which saw property prices rising at a much slower rate. In addition, the portfolio of investment properties held by the associates and joint ventures has reduced as the Group has divested a number of properties over the past one year. Share of joint ventures' result in 2Q 2008 was also lower due to the provision for foreseeable losses on development projects.

(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.

The increase in current quarter's tax expenses was mainly due to the provision of deferred tax expenses in respect of the fair value gains from the Group's investment properties in China and Malaysia.

Included in the tax expense was a $0.6 million write back of over-provision of tax for prior years (2Q 2007: $0.3 million).

(G) Gain from the sale of investments

The Group's profit after tax and minority interests ("PATMI") included the following net gains from the sale of investments / property, plant and equipment:

	2Q 2008 S$M
Realisation of deferred gain from the sale of Wanjing Mall to CapitaRetail China Trust ("CRCT")	17.1
Others	3.2
Total Group's share of gain after tax & MI for 2Q 2008	**20.3**

	2Q 2007 S$M
Master Golf and Country Club	61.9
Investment in CRS Class E Bonds (accounted for in Share of Associates' results)	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**

1(b)(i) Balance Sheet

As at 30/06/2008 vs 31/12/2007

	Group			Company		
	30/06/2008 S$'000	31/12/2007 S$'000	Change %	30/06/2008 S$'000	31/12/2007 S$'000	Change %
Non-Current Assets						
Property, Plant & Equipment	1,737,253	1,588,618	9.4	8,475	8,906	(4.8)
Intangible Assets (1)	594,791	37,910	NM	–	–	–
Investment Properties	6,998,163	6,208,211	12.7	–	–	–
Properties Under Devt (2)	1,063,411	569,205	86.8	–	–	–
Interests in Subsidiaries (3)	–	–	–	5,828,755	3,864,998	50.8
Interests in Associates & Jointly-Controlled Entities	7,210,622	6,450,733	11.8	–	–	–
Other Assets	739,782	723,793	2.2	10,001	10,001	–
	18,344,022	**15,578,470**	**17.8**	**5,847,231**	**3,883,905**	**50.6**
Current Assets						
Devt Properties for Sale	*3,398,137*	*3,540,778*	*(4.0)*	–	–	–
Trade & Other Receivables	*1,793,490*	*2,064,350*	*(13.1)*	*1,716,281*	*1,681,342*	*2.1*
Cash & Cash Equivalents	*3,421,996*	*4,355,986*	*(21.4)*	*535,856*	*1,532,225*	*(65.0)*
Other Current Assets (4)	*103,383*	*301,728*	*(65.7)*	–	–	–
	8,717,006	**10,262,842**	**(15.1)**	**2,252,137**	**3,213,567**	**(29.9)**
Less: Current Liabilities						
Trade & Other Payables	*2,254,198*	*2,889,508*	*(22.0)*	*207,514*	*212,259*	*(2.2)*
Short-Term Borrowings	*2,311,203*	*1,802,805*	*28.2*	*36,000*	*158,213*	*(77.2)*
Finance Leases	*4,723*	*3,954*	*19.4*	–	–	–
Other Current Liabilities	*329,991*	*446,059*	*(26.0)*	*11,605*	*16,961*	*(31.6)*
	4,900,115	**5,142,326**	**(4.7)**	**255,119**	**387,433**	**(34.2)**
Net Current Assets	**3,816,891**	**5,120,516**	**(25.5)**	**1,997,018**	**2,826,134**	**(29.3)**
Less: Non-Current Liabilities						
Long-Term Borrowings	9,265,819	8,066,555	14.9	2,494,118	1,293,439	92.8
Finance Leases	40,453	42,835	(5.6)	–	–	–
Other Non-Current Liabilities	817,568	724,257	12.9	76,104	57,704	31.9
	10,123,840	**8,833,647**	**14.6**	**2,570,222**	**1,351,143**	**90.2**
Net Assets	**12,037,073**	**11,865,339**	**1.4**	**5,274,027**	**5,358,896**	**(1.6)**
Representing:						
Share Capital	4,395,200	4,350,058	1.0	4,395,200	4,350,058	1.0
Accumulated Profits	4,352,539	4,011,179	8.5	633,359	854,944	(25.9)
Other Reserves	1,633,919	1,579,655	3.4	245,468	153,894	59.5
Equity attributable to Equity Holders of the Company	10,381,658	9,940,892	4.4	5,274,027	5,358,896	(1.6)
Minority Interests	1,655,415	1,924,447	(14.0)	–	–	–
Total Equity	**12,037,073**	**11,865,339**	**1.4**	**5,274,027**	**5,358,896**	**(1.6)**

(1) *The increase was attributable to the goodwill arising from acquisition of the remaining interest in The Ascott Group Limited.*

(2) *The increase was attributable to the acquisitions and development costs incurred for projects in Australia and China.*

(3) *The increase was due to higher amount of long term loans to subsidiaries.*

(4) *The decrease was a result of partial redemption of a money market investment.*

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

	Group	
	As at 30/06/2008 S$'000	**As at 31/12/2007 S$'000**
Amount repayable in one year or less, or on demand:-		
Secured	1,123,957	545,935
Unsecured	1,191,969	1,260,824
Sub-Total 1	**2,315,926**	**1,806,759**
Amount repayable after one year:-		
Secured	2,769,639	2,769,554
Unsecured	6,536,633	5,339,836
Sub-Total 2	**9,306,272**	**8,109,390**
Total Debt	**11,622,198**	**9,916,149**

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 Cash Flow Statement

	Group			
	2Q 2008	**2Q 2007**	**1H 2008**	**1H 2007**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash Flows from Operating Activities				
Profit after taxation	**636,472**	**1,032,703**	**920,144**	**1,723,441**
Adjustments for :				
Amortisation of intangible assets	316	357	660	360
Allowance/(Write back) for:				
- Foreseeable losses on development properties for sale	52,803	(48,949)	52,803	(69,166)
- Loans to associates and jointly-controlled entities	–	–	–	84
- Non-current portion of financial assets	13,685	–	13,685	–
Share-based expenses	11,553	17,331	26,874	27,291
Changes in fair value of financial instruments and assets	(20,191)	(5,145)	(33,283)	(433)
Depreciation of property, plant and equipment	13,438	10,147	25,132	19,246
Loss/(Gain) on disposal/ Write off of property, plant and equipment	230	(119,294)	(188)	(119,042)
Gain on disposal of investment properties	–	(2,485)	–	(46,863)
Valuation gain on investment properties	(359,617)	(108,085)	(359,617)	(586,004)
Gain on disposal of non-current financial assets	(302)	(5,820)	(8,518)	(7,556)
Gain on disposal/dilution of subsidiaries and associates	(25,527)	(1,961)	(158,667)	(86,317)
Share of results of associates, jointly-controlled entities	(279,997)	(689,782)	(328,379)	(740,460)
Accretion of deferred income/(loss)	–	167	–	(1,459)
Interest expense	138,589	97,150	270,491	188,253
Interest income	(20,883)	(27,473)	(59,537)	(61,090)
Taxation	112,701	94,870	95,944	132,494
	(363,202)	**(788,972)**	**(462,600)**	**(1,350,662)**
Operating profit before working capital changes	**273,270**	**243,731**	**457,544**	**372,779**
Decrease/(Increase) in working capital				
Inventories, trade and other receivables	398,877	(31,661)	343,257	(68,083)
Development properties for sale	28,823	130,985	165,073	(192,647)
Trade and other payables	(38,764)	(38,371)	(224,025)	(197,086)
Other financial assets	(441)	(310,920)	198,203	(284,687)
	388,495	**(249,967)**	**482,508**	**(742,503)**
Cash generated from/(used in) operations	**661,765**	**(6,236)**	**940,052**	**(369,724)**
Income tax paid	(113,187)	(14,974)	(147,350)	(42,351)
Customer deposits and other non-current payables received/(refunded)	126	(2,766)	(1,154)	2,311
Net cash generated from/(used in) Operating Activities	**548,704**	**(23,976)**	**791,548**	**(409,764)**

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

	Group			
	2Q 2008 S$'000	2Q 2007 S$'000	1H 2008 S$'000	1H 2007 S$'000
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant and equipment	186	232,499	2,018	232,676
Purchase of property, plant and equipment	(161,976)	(67,359)	(211,611)	(93,849)
Increase in associates and jointly controlled entities	(285,877)	(216,661)	(551,166)	(209,064)
(Decrease)/Increase in amounts owing by investee companies and other receivables	(5,392)	348	(22,308)	1,850
Deposit for new investments	–	(21,347)	–	(21,347)
Acquisition of investment properties and properties under development	(687,236)	(109,396)	(858,635)	(216,230)
Proceeds from disposal of investment properties and properties under development	–	1,029,236	–	1,367,230
(Acquisition)/Disposal of non-current financial assets (net)	(5,522)	4,749	2,748	(32,068)
Dividends received from associates and jointly-controlled entities	39,754	21,509	84,632	50,098
(Acquisition)/Disposal of subsidiaries (net)	(51,282)	4,833	(2,554)	328,850
Acquisition of remaining interest in a subsidiary	(46,546)	–	(959,489)	–
Interest income received	29,270	23,233	53,888	52,459
Net cash (used in)/generated from Investing Activities	**(1,174,621)**	**901,644**	**(2,462,477)**	**1,460,605**
Cash Flows from Financing Activities				
Proceeds from issue of shares under share option plan	13,360	15,058	22,011	39,774
(Repayment of)/Proceeds from amounts owing to/by minority interests	(14,949)	(5,849)	118	(39,968)
Contribution from minority interests (net)	(6,453)	(14,066)	(13,444)	125,639
(Repayment of)/Proceeds from sales of future receivables	(142,604)	11,550	(446,122)	15,811
Proceeds from issue of term loans	792,077	245,850	2,583,763	1,187,158
Repayment of term loans	(1,449,574)	(858,529)	(1,904,041)	(1,624,954)
Proceeds from issue of debt securities and convertible bonds	–	1,253,074	1,400,000	1,315,117
Repayment of debt securities and convertible bonds	(70,182)	(130,000)	(175,000)	(134,500)
Repayment of finance lease payables	(950)	(978)	(1,967)	(1,904)
Dividends paid to minority interests	(13,304)	(72,622)	(52,634)	(79,910)
Dividends paid to shareholders	(423,398)	(317,065)	(423,398)	(317,065)
Interest expense paid	(134,202)	(118,455)	(245,758)	(224,396)
Net cash (used in)/generated from Financing Activities	**(1,450,179)**	**7,968**	**743,528**	**260,802**
Net (decrease)/increase in cash and cash equivalents	**(2,076,096)**	**885,636**	**(927,401)**	**1,311,643**
Cash and cash equivalents at beginning of the period	5,486,121	3,104,137	4,355,986	2,684,852
Effect of exchange rate changes on cash balances held in foreign currencies	11,971	5,909	(6,589)	(813)
Cash and cash equivalents at end of the period	**3,421,996**	**3,995,682**	**3,421,996**	**3,995,682**

Cash and cash equivalents at end of the period

The cash and cash equivalents of about $3,422.0 million as at 30/06/2008 included $2,362.0 million in fixed deposits and $122.3 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 30/06/2008 vs 30/06/2007 – GROUP

S$'000	Share Capital	Accumulated Profits	Other Reserves*	Total	Minority Interests	Total Equity
Balance as at 01/04/2008	**4,381,840**	**4,257,569**	**1,558,686**	**10,198,095**	**1,558,089**	**11,756,184**
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans			10,112	**10,112**	(2,803)	**7,309**
Change in fair value of available-for-sale investments			(9,769)	**(9,769)**	–	**(9,769)**
Transfer of available-for-sale reserve to income statement			13,685	**13,685**	–	**13,685**
Effective portion of changes in fair value of cash flow hedge			55,191	**55,191**	6,419	**61,610**
Realisation of foreign exchange reserves transferred to income statement			(2,639)	**(2,639)**	–	**(2,639)**
Realisation of available-for-sale reserve transferred to income statement			(205)	**(205)**	–	**(205)**
Realisation of other capital reserve transferred to income statement			(136)	**(136)**	–	**(136)**
Net gains recognised directly in equity			66,239	**66,239**	3,616	**69,855**
Profit for 2Q 2008		515,247		**515,247**	121,225	**636,472**
Total recognised gains for the period		**515,247**	**66,239**	**581,486**	**124,841**	**706,327**
Dividends paid		(423,398)		**(423,398)**	–	**(423,398)**
Issue of shares	13,360			**13,360**	–	**13,360**
Cost of share-based payment			12,131	**12,131**	646	**12,777**
Effects of acquisition/disposal, dilution and liquidation of subsidiaries (net)				**–**	382	**382**
MI contribution (net)				**–**	(6,420)	**(6,420)**
Dividends paid/declared to MI				**–**	(22,123)	**(22,123)**
Others		3,121	(3,137)	**(16)**	–	**(16)**
Balance as at 30/06/2008	**4,395,200**	**4,352,539**	**1,633,919**	**10,381,658**	**1,655,415**	**12,037,073**

* 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 30/06/2008 vs 30/06/2007 – GROUP

S$'000	Share Capital	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**
Change 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 reserve 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	15,058			**15,058**	–	**15,058**
Equity portion of 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/declared 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 30/06/2008 vs 30/06/2007 – COMPANY

S$'000	Share Capital	Accumulated Profits	Capital Reserve	Equity Comp. Reserves	Total Equity
Balance as at 01/04/2008	**4,381,840**	**870,253**	**213,212**	**28,654**	**5,493,959**
Profit for 2Q 2008		186,504			**186,504**
Total recognised gains for the period		**186,504**			**186,504**
Dividends paid		(423,398)			**(423,398)**
Issue of shares	13,360				**13,360**
Cost of share-based payment				3,602	**3,602**
Balance as at 30/06/2008	**4,395,200**	**633,359**	**213,212**	**32,256**	**5,274,027**
Balance as at 01/04/2007	**4,330,056**	**437,347**	**41,831**	**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	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**	**157,986**	**117,271**	**29,480**	**4,649,851**

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

Issued Share Capital

As at 30/06/2008, the issued and fully paid-up share capital of the Company was $4,395.2 million (30/06/2007: $4,345.1 million). Movements in the Company's issued and fully paid-up share capital during 2Q 2008 were as follows:

	$'000
As at 01/04/2008	4,381,840
Issue of shares under CapitaLand Share Option Plan	13,360
As at 30/06/2008	**4,395,200**

As at 30/06/2008, the issued ordinary shares of the Company numbered 2,823,075,815 (30/06/2007: 2,803,479,561). During the quarter, the Company issued 5,691,281 ordinary shares under Share Option Plan.

Share Options

As at 30/06/2008, the number of outstanding share options under the Company's Share Option Plan was 20,997,769 (30/06/2007: 34,494,040).

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

Performance Shares

As at 30/06/2008, the number of shares awarded and outstanding under the Company's Performance Share Plan was 9,221,506 (30/06/2007: 9,136,347).

Under the Performance Share Plan, the final number of shares released 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 shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

Restricted Stock Plan

As at 30/06/2008, the number of shares awarded and outstanding under the Company's Restricted Stock Plan was 10,503,649, of which 1,423,489 are to be cash settled (30/06/2007: 4,704,410, of which 647,511 are to be cash settled).

Under the Restricted Stock Plan, the final number of shares released will depend on the achievement of pre-determined targets at the end of a one-year performance period and the release will 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 performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award.

Convertible Bonds

The Company has issued the following convertible bonds which remained outstanding as at 30/06/2008:

- $1.3 billion of Convertible Bonds due in 2018 which are convertible by holders into ordinary shares of the Company at any time on or after 15 April 2008 at a conversion price of $8.5137 per share;
- $1.0 billion of Convertible Bonds due in 2022 which are convertible by holders into ordinary shares of the Company at any time on or after 20 June 2008 at a conversion price of $13.7255 per share; and
- $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 $7.17 per share.

There has been no conversion of any of the above convertible bonds since the dates of their issues.

Assuming the Bonds are fully converted based on their respective conversion prices, the number of new ordinary shares to be issued would be 285,524,262, representing a 10.1% increase over the total number of issued shares of the Company as at 30/06/2008.

1(d)(iii) Treasury Shares

The Company did not hold any treasury shares as at 30 June 2008 and 31 December 2007.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the six months ended 30 June 2008.

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 December 2007.

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 2008	2Q 2007	1H 2008	1H 2007
6(a)	EPS based on weighted average number of ordinary shares in issue (in cents)	18.3	32.6	27.1	54.4
	Weighted average number of ordinary shares (in million)	2,821.2	2,800.8	2,815.4	2,793.1
6(b)	EPS based on fully diluted basis (in cents)	17.2	31.5	26.1	52.8
	Weighted average number of ordinary shares (in million)	3,147.4	2,913.8	3,087.5	2,899.2

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

	Group		Company	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
NAV per ordinary share	$3.68	$3.54	$1.87	$1.91
NTA per ordinary share	$3.47	$3.53	$1.87	$1.91

8. Review of the performance of the group

GROUP OVERVIEW

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	820.1	935.6	(12.3)	1,451.4	1,572.6	(7.7)
EBIT	887.8	1,224.7	(27.5)	1,286.6	2,044.2	(37.1)
Finance costs	(138.6)	(97.2)	(42.7)	(270.5)	(188.3)	(43.7)
PBT	749.2	1,127.6	(33.6)	1,016.1	1,855.9	(45.3)
PATMI	515.2(1)	912.6(2)	(43.5)	762.7(1)	1,520.7(2)	(49.8)

(1) *Includes unrealised fair value gains of $417.4 million and provision for foreseeable losses on development projects in Australia of $24.1 million in 2Q 2008 and 1H 2008.*

(2) *Includes unrealised fair value gains of $645.4 million and $647.4 million in 2Q 2007 and 1H 2007 respectively.*

2Q 2008 vs 2Q 2007

The Group's revenue for 2Q 2008 was $820.1 million compared to $935.6 million in 2Q 2007. As explained in paragraph 1(a)(ii), the decrease was mainly attributable to lower sales from development projects in China but mitigated by higher rental and fee-based income.

Sales in China were lower as a result of re-scheduling of some of the planned residential project launches. However, the Group's rental revenue from investment properties was much higher than the same period last year due mainly to the acquisition of two shopping malls in Malaysia at the end of 2007 and the consolidation of revenue of 1 George Street which became a subsidiary in September 2007. Revenue from our serviced residences was also boosted by increased demand which raised the overall revenue per available unit (“REVPAU”). Fee-based income which is mainly our fund and property management fees was also higher this quarter as the size of assets under management increased.

Group's earnings before interest and tax ("EBIT") were $887.8 million. The lower EBIT was mainly attributable to lower fair value gains from the revaluation of investment properties, lower portfolio gains and development profits and the absence of write back of previous provisions. Lower revaluation gains were partly a result of the moderation in price increase for the Singapore property market and partly because the Group divested some of its investment properties in 2007.

Overall, the Group's profit after tax and minority interest ("PATMI") for 2Q 2008 was lower at $515.2 million, mainly due to lower revaluation gains, portfolio gains and higher interest expenses.

1H 2008 vs 1H 2007

1H 2008's revenue was also lower than the same period last year for the same reasons mentioned above as well as lower sales from Singapore in the first quarter of 2008. Despite lower residential sales in China, revenue contribution from the Group's overseas operations continued to form a significant 70.6% portion of the Group's revenue (1H 2007: 69.7%). This was due to the strong revenue contributions from Australia and Europe which more than offset the lower contribution from China.

In terms of EBIT, 1H 2008's EBIT of $1,286.6 million was lower than 1H 2007, primarily due to higher revaluation gains last year which included the fair value gains from 8 Shenton Way (formerly Temasek Tower), lower development profits and the absence of write back of previous provisions.

Overseas EBIT contribution in 1H 2008 was $695.8 million, an increase of 10.4% from the same period last year. The increase came from China arising mainly from the fair value gain of Raffles City Shanghai and Malaysia where the increase was contributed mainly by the fair value gains and operations of newly acquired shopping malls. These increases were partially offset by lower contribution from Australia due to provision for foreseeable losses on development projects and lower fair value gains.

Interest expense for the Group increased due to higher gross debt. The Group's gross debt was $11.6 billion as at 30 June 2008 compared to $8.6 billion a year ago, but declined compared to 1Q 2008 gross debt of $12.4 billion. The Group's net debt to equity ratio was higher at 0.68 as compared to 0.43 as at 30 June 2007.

Segment Performance

On 31 March 2008, the Group announced key organisational changes in line with its efforts to flatten the organisational structure to support its business growth. The new business units are CapitaLand Residential Singapore and CapitaLand China Holdings. In addition, CapitaLand Commercial business unit now includes residential projects in Vietnam, Malaysia, India, Kazakhstan and Thailand. The changes took effect from 1 April 2008.

The segmental information in this report has been presented based on the new organisational structure and the comparative information has been restated accordingly.

CapitaLand Residential Singapore ("CRS")

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	119.8	136.1	(12.0)	216.0	328.6	(34.3)
EBIT	60.4	77.5	(22.1)	99.9	133.4	(25.1)

2Q 2008's and 1H 2008's revenue were lower mainly due to the completion of Citylights and Varsity Park in December 2007 and February 2008 respectively. Both 2Q 2008 and 1H 2008 EBIT were also lower than the corresponding period last year due to the lower revenue and the absence of write back of previous provisions.

CapitaLand China Holdings ("CCH")

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	109.1	302.1	(63.9)	204.0	399.9	(49.0)
EBIT	374.4	169.9	120.4	439.0	205.8	113.3

The decline in revenue in 2Q 2008 and 1H 2008 was due to rescheduling of launches for some of the projects. However, EBIT in 2Q 2008 and 1H 2008 was higher mainly due to the fair value gain from the revaluation of Raffles City Shanghai and better operating performance of the commercial properties.

CapitaLand Commercial ("CCL")

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	50.6	25.0	101.9	104.5	58.1	79.9
EBIT	181.8	522.7	(65.2)	318.4	1,068.0	(70.2)

The increase in revenue for 2Q 2008 and 1H 2008 was mainly due to the consolidation of revenue of 1 George Street which became a subsidiary in September 2007 and the progressive revenue recognised for the sale of Wilkie Edge.

The decrease in EBIT for 2Q 2008 was mainly due to lower fair value gains as compared to the year before. EBIT for 1H 2008 was also lower due to lower fair value gains but partially offset by higher divestment gain from the sale of Hitachi Tower in 1Q 2008.

CapitaLand Retail ("CRTL")

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	46.7	29.6	57.5	81.7	50.7	61.4
EBIT	182.6	120.6	51.4	240.7	144.2	66.9

Revenue for 2Q 2008 was higher than 2Q 2007 mainly due to revenue from Gurney Plaza and Mines Shopping Fair in Malaysia which were acquired in December 2007.

EBIT for 2Q 2008 was higher mainly due to the recognition of deferred gain upon transfer of title of Wangjing mall to CRCT and divestment gain of Xizhimen, higher fair value gains from the revaluation of investment properties and net unrealised foreign exchange gain.

Revenue for 1H 2008 grew by 61.4%; contributed mainly by the two shopping malls in Malaysia and the malls in China. Property management fees from the China malls were also higher as more malls opened in 2008.

The Ascott Group ("Ascott")

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	120.5	107.1	12.5	225.9	226.4	(0.2)
EBIT	17.9	141.3	(87.3)	57.4	170.5	(66.3)

The increase in revenue for 2Q 2008 was mainly attributable to the Group's serviced residence operations in Europe and China. In Europe, the higher revenue was driven by the growth in REVPAU. This was the result of the Group's initiatives on yield maximisation combined with the growing popularity and demand for serviced residences. In China, the increase in revenue was mainly attributable to contributions from recently opened properties and fee-based income from fund management fees from the Ascott Serviced Residence (China) Fund.

Revenue for 1H 2008 was affected by the deconsolidation of ART but mitigated by the increased revenue from the Group's serviced residence operations in Europe, North Asia (comprising China, Hong Kong, Japan and Korea) and Singapore.

EBIT for 2Q 2008 and 1H 2008 was lower as compared to last year as 2Q 2007 included a gain from the divestment of Master Golf and Country Club. The deconsolidation of ART also contributed to the decrease in EBIT in 1H 2008, but this was partly mitigated by better performance from the Group's serviced residence operations arising from the higher revenue.

CapitaLand Financial ("CFL")

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	43.0	31.8	35.4	72.9	55.1	32.3
EBIT	24.0	33.3	(27.8)	42.5	45.4	(6.4)

The increase in revenue for 2Q 2008 and 1H 2008 was due to higher fund management fees resulting mainly from the enlarged Assets Under Management ("AUM") and higher acquisition fees. As at June 2008, CFL manages 5 REITs and 15 private equity funds with a total AUM of $21.1 billion.

EBIT for 2Q 2008 and 1H 2008 was lower as compared to the same period last year, mainly due to impairment loss made on investment and lower share of profits from associates. If impairment loss was excluded in 2Q 2008 and one-off divestment gains were excluded in 2Q 2007, the 2Q 2008 EBIT would be $37.7 million as compared to $23.0 million in 2Q 2007 while 1H 2008's EBIT would be $56.2 million compared to $34.8 million in 1H 2007.

Others

S$M	2Q 2008	2Q 2007	Variance %	1H 2008	1H 2007	Variance %
Revenue	330.5	303.8	8.8	546.3	453.9	20.4
EBIT	46.7	159.6	(70.8)	88.8	276.9	(67.9)

Others includes the Corporate Office, Australand and new start-up business units.

The increase in revenue in 2Q 2008 and 1H 2008 was largely due to higher contribution from the Australia operations.

However, 2Q 2008 and 1H 2008 EBIT were lower due mainly to provision for foreseeable losses and lower fair value gains from the investment properties held in Australia.

9. Variance from Prospect Statement

The current results are broadly in line with the prospect statement made when the first quarter 2008 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

CapitaLand Residential Singapore ("CRS")

CRS expects its earnings in 2008 to benefit from the progressive recognition of strong sales achieved over 2006 and 2007. The company had accelerated its launches to tap into the buoyant market then.

In Singapore, buying sentiment is likely to remain cautious in 2H 2008, until there is greater stability in the global financial markets and improved credit environment.

CRS has obtained Temporary Occupation Permit for RiverEdge at Sampan Place in June 2008 and it expects to launch The Wharf Residence near the Singapore River and Latitude near Grange Road in the second half of the year. In addition, it is also working with Zaha Hadid Architects to have the former Farrer Court site launch-ready by 1H 2009.

CRS has also secured $1.996 billion of syndicated transferable secured financing facilities for the residential project at Farrer Road and has successfully redeemed in full the notes previously issued to fund the Citylights and Varsity Park Condominium projects.

CapitaLand China Holdings ("CCH")

In the short term, CCH expects the China property market to consolidate due to the Central Government's continued measures to cool the real estate sector as well as to control inflation. However, market fundamentals will remain strong due to real demand driven by urbanisation, demographics, strong economic growth and rising income. CCH believes the governmental control measures will ensure sustainable development of China's property market.

CCH's high-end residence in Beijing, "The Pines", was launched in end June 2008. Several more projects in Beijing, Shanghai, Chengdu, Foshan and Ningbo are slated for launch in the second half of 2008.

For commercial properties, Raffles City Shanghai, Raffles City Beijing, Raffles City Chengdu, and Raffles City Hangzhou are expected to be injected into Raffles City China Fund.

CapitaLand Commercial ("CCL")

Singapore office rental in 2Q 2008 remains firm. CCL expects office rental to remain resilient given the tight supply in the next 2 years.

In Vietnam, though the market conditions have become more challenging with high inflation and tight credit, the fundamentals remain strong. CCL currently has a pipeline of about 4,200 residential units and will launch them at appropriate times. It will also look to make more opportunistic acquisitions.

In India, construction is on-going for the Group's maiden residential project, the 590-unit Orchard Residency in Mumbai which was well received upon launch. Phase 1 of the project is targeted to be completed in 2Q 2009 while Phase 2 will be in 4Q 2009. CCL also has a 49%/51% joint venture with Bahrain-based ARC-CapitaLand to develop a 30-acre site in Ghansoli, Mumbai, into a technology park. The master plan is currently being drawn up and construction is expected to commence in 1Q 2009.

In Kazakhstan, the residential cum serviced residence project in Almaty is progressing well and the launch is likely to be in 2Q 2009.

Overall, the outlook for CCL's overseas projects remains positive as they are likely to benefit from the longer term growth in these markets.

CapitaLand Retail ("CRTL")

Although Singapore GDP growth is expected to be lower in 2008, retail rents are unlikely to soften, especially in prime areas such as Orchard Road, fuelled by strong demand, the rejuvenation of Orchard Road and upcoming integrated resorts. The outlook for our Singapore retail operations should remain positive for the second half of 2008.

In China, the impact of the earthquake on the macro economy is minimal. Property and retail markets of the quake-hit areas may be affected in the short term, but the overall consumer sector is expected to remain buoyant supported by strong employment trends and rising purchasing power of Chinese consumers. Demand for retail space remains strong, as evidenced by the strong pre-leasing activity, expansions and renewals from major retailers. CRTL will continue to build on its strong brand name as a premier retail mall developer and manager in China.

India is another fast-growing economy where CRTL will tap into its retail market through its 45% stake in CapitaRetail India Development Fund.

Sungei Wang Plaza was added to CRTL's Malaysia portfolio in June 08. The acquisition of this mall, together with Gurney Plaza and Mines Shopping Fair, will put CRTL on track to launch a Malaysia retail REIT by end of 2008.

In Japan, CRTL will continue to actively pursue acquisition opportunities to further strengthen its presence through CapitaRetail Japan Fund.

The Ascott Group ("Ascott")

Looking ahead, the slowing global economic climate is expected to pose challenges for businesses. Ascott will continue to leverage on its brand to maximise yield going forward.

Ascott will also continue to execute its strategy of acquiring and incubating properties to build up a pipeline to contribute to operating performance and/or potential portfolio gains in the future.

CapitaLand Financial ("CFL")

CFL has recently established CITIC CapitaLand Business Park Fund, the first RMB-denominated real estate private equity fund in China, with fund size of RMB 500 million (S$99 million) and closed Raffles City China Fund, the first integrated development private equity fund in China with an initial closing of US$1 billion (S$1.4 billion) of committed capital.

It will continue to focus on strengthening its fund management business in 2008 by growing its AUM through accretive acquisitions and asset management. There are plans to originate new property funds in 2H 2008, focusing mainly in Asia.

Australand

Australand is a core business unit of CapitaLand. As part of Australand's prudent capital management stance, the company announced a one for one renounceable rights issue to raise between A$302 million and A$557 million. The rights issue will strengthen its balance sheet, reduce its debt equity ratio from 44% to approximately 35% and position Australand with financial capacity for its development pipeline.

CapitaLand remains confident in the business and management of Australand and has given an unconditional commitment to take up its pro-rata entitlement of A$302 million.

GROUP OVERALL PROSPECTS FOR 2008

The current global economic slowdown was triggered by the US sub-prime crisis, subsequent global credit crunch and higher inflation. Notwithstanding such an uncertain macroeconomic backdrop, CapitaLand remains confident of Asia's long term fundamentals and that it will grow at a relatively faster pace than the rest of the world. The Group's inroads into the Gulf Cooperation Council region through its projects at Bahrain and Abu Dhabi have also been timely, which will enable the Group to ride on the strong real estate demand generated by rising oil wealth in the region.

In this more capital-constrained environment, the Group is beginning to see reduced competition, more realistically priced investment opportunities, and a general flight to quality, all of which would favour companies with strong balance sheets and track records such as ours. With its well established multi-local franchise, strong balance sheet and financial flexibility, the Group believes such uncertain times will present opportunities to expand in its key markets, and scale up in growth markets.

Going forward, the prospects for the Group will continue to be underpinned by the following drivers:

- Maintaining our leading position as a Pan-Asian real estate developer, Asia's largest retail mall owner/manager, largest international serviced residence owner-operator and leading Asia-based real estate fund and REIT manager.

- Expanding and developing the Group's geographic footprint and seizing new opportunities in real estate sub-segments.

- Keeping a stringent focus on capital management and capital recycling to achieve optimal risk adjusted returns for shareholders coupled with a disciplined risk management process.

- Invest in human capital with emphasis on nurturing innovation, creativity and entrepreneurship amongst our more than 9,000 strong global staff under our international brand name.

Market sentiment is expected to remain cautious until a sustained recovery is seen in the financial markets and economic conditions. Nevertheless, the Group is confident that it will be profitable in 2008.

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 2008 vs 2Q 2007

	Revenue			Earnings before interest & tax		
	2Q 2008 S$'000	2Q 2007 [1] S$'000	Variance %	2Q 2008 S$'000	2Q 2007 [1] S$'000	Variance %
CapitaLand Residential Singapore	119,773	136,092	(12.0)	60,355	77,460	(22.1)
CapitaLand China Holdings [2]	109,083	302,094	(63.9)	374,447	169,926	120.4
CapitaLand Commercial [3]	50,563	25,046	101.9	181,795	522,650	(65.2)
CapitaLand Retail	46,682	29,641	57.5	182,562	120,567	51.4
The Ascott Group [4]	120,478	107,131	12.5	17,914	141,279	(87.3)
CapitaLand Financial	43,044	31,793	35.4	24,013	33,251	(27.8)
Others [5]	330,515	303,793	8.8	46,676	159,590	(70.8)
Total	**820,138**	**935,590**	**(12.3)**	**887,762**	**1,224,723**	**(27.5)**

13(a)(ii) By Strategic Business Units (SBUs) – 1H 2008 vs 1H 2007

	Revenue			Earnings before interest & tax		
	1H 2008 S$'000	1H 2007 [1] S$'000	Variance %	1H 2008 S$'000	1H 2007 [1] S$'000	Variance %
CapitaLand Residential Singapore	215,957	328,642	(34.3)	99,858	133,400	(25.1)
CapitaLand China Holdings [2]	204,018	399,856	(49.0)	438,963	205,788	113.3
CapitaLand Commercial [3]	104,463	58,055	79.9	318,353	1,068,036	(70.2)
CapitaLand Retail	81,745	50,659	61.4	240,702	144,217	66.9
The Ascott Group [4]	225,948	226,407	(0.2)	57,398	170,469	(66.3)
CapitaLand Financial	72,947	55,130	32.3	42,491	45,376	(6.4)
Others [5]	546,334	453,857	20.4	88,814	276,902	(67.9)
Total	**1,451,412**	**1,572,606**	**(7.7)**	**1,286,579**	**2,044,188**	**(37.1)**

Note :
(1) The comparatives have been restated due to the Group's internal restructuring.
(2) Excludes Retail and Serviced Residences in China.
(3) Includes residential projects in Vietnam, Malaysia, India, Kazakhstan and Thailand.
(4) Includes all holdings in ART.
(5) Includes Corporate Office, Australand and others.

13(b)(i) By Geographical Location – 2Q 2008 vs 2Q 2007

	Revenue			Earnings before interest & tax		
	2Q 2008 S$'000	2Q 2007 S$'000	Variance %	2Q 2008 S$'000	2Q 2007 S$'000	Variance %
Singapore	239,038	211,902	12.8	371,400	729,537	(49.1)
China [1]	134,332	322,702	(58.4)	439,859	290,982	51.2
Asia / GCC [2]	20,023	10,608	88.8	31,665	8,396	277.1
Australia & New Zealand	341,693	317,568	7.6	27,817	151,075	(81.6)
Europe	82,155	72,810	12.8	16,461	43,976	(62.6)
Others	2,897	-	NM	560	757	(26.0)
Total	**820,138**	**935,590**	**(12.3)**	**887,762**	**1,224,723**	**(27.5)**

13(b)(ii) By Geographical Location – 1H 2008 vs 1H 2007

	Revenue			Earnings before interest & tax		
	1H 2008 S$'000	1H 2007 S$'000	Variance %	1H 2008 S$'000	1H 2007 S$'000	Variance %
Singapore	426,527	475,826	(10.4)	590,794	1,414,046	(58.2)
China [1]	254,755	446,883	(43.0)	533,260	349,414	52.6
Asia / GCC [2]	43,436	33,577	29.4	49,564	27,780	78.4
Australia & New Zealand	572,401	485,164	18.0	77,730	197,046	(60.6)
Europe	148,264	131,156	13.0	34,583	55,214	(37.4)
Others	6,029	-	NM	648	688	(5.8)
Total	**1,451,412**	**1,572,606**	**(7.7)**	**1,286,579**	**2,044,188**	**(37.1)**

Note : [1] *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 statement of cash flows, together with their accompanying notes) as at 30 June 2008 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	**Liew Mun Leong**
Chairman	Director

BY ORDER OF THE BOARD

Low Sai Choy
Company Secretary
1 August 2008