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CAPITALAND LIMITED

2003 FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

CapitaLand

CAPITALAND LIMITED
2003 FULL YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

1(a)(i) Income Statement

	<--- Group --->			<--- Group --->		
	4Q 2003 S$'000	4Q 2002 S$'000 (Restated)	% Change	FY 2003 S$'000	FY 2002 S$'000 (Restated)	% Change
Revenue	**1,316,588**	**995,715**	**32.2**	**3,830,086**	**3,261,679**	**17.4**
Cost of sales	(975,339)	(692,248)	40.9	(2,800,906)	(2,278,559)	22.9
Gross profit	341,249	303,467	12.5	1,029,180	983,120	4.7
Other operating income	54,240	50,100	8.3	236,233	270,855	(12.8)
Administrative expenses	(169,795)	(102,639)	65.4	(554,489)	(462,761)	19.8
Other operating expenses	(154,322)	(100,266)	53.9	(173,231)	(104,746)	65.4
Profit from operations	71,372	150,662	(52.6)	537,693	686,468	(21.7)
Finance costs	(64,378)	(72,428)	(11.1)	(240,767)	(283,981)	(15.2)
Share of results of:						
- associated companies	55,192	14,871	271.1	84,022	58,034	44.8
- joint venture companies	(37,113)	7,316	NM	(18,806)	20,461	NM
- partnerships	(7,323)	6	NM	(7,318)	(6)	NM
	10,756	22,193	(51.5)	57,898	78,489	(26.2)
Profit before taxation	17,750	100,427	(82.3)	354,824	480,976	(26.2)
Taxation	(49,294)	(8,505)	479.6	(150,292)	(86,721)	73.3
Profit after taxation	(31,544)	91,922	NM	204,532	394,255	(48.1)
Minority interests (MI)	(42,512)	(52,227)	(18.6)	(99,278)	(114,292)	(13.1)
Profit after tax and MI	**(74,056)**	**39,695**	**NM**	**105,254**	**279,963**	**(62.4)**

NM *Not meaningful.*

Note: *The comparative financial statements for 4Q 2002 and FY 2002 have been restated to take into account the effects of INT FRS 19 on Measurement Currency, reclassification of certain leasehold properties by a subsidiary to realign more closely to Group's policy, as well as the reclassification of certain items in subsidiaries' financial statements to be in line with Group's classification.*

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

	Group 4Q 2003 S$'000	Group 4Q 2002 S$'000	% Change
Investment income	919	389	136.2
Other income including interest income	44,224	49,109	(9.9)
Depreciation and amortisation	(9,336)	(8,920)	4.7
Provision for doubtful debts and bad debts	(3,790)	(5,336)	(29.0)
Impairment in value of assets (net of tax & MI)	(180,710)	(49,780)	263.0
Foreign exchange gain	7,799	3,922	98.9

Investment Income

4Q 2003's investment income of $0.9 million was higher than the $0.4 million recorded in 4Q 2002 due to timing difference in the receipt of dividend income.

Other Income including interest income

4Q 2003's other income was $4.9 million lower than 4Q 2002 due mainly to lower portfolio gains by $9.6 million.

Taxation Expense

The tax expense of $49.3 million for 4Q 2003 was higher than 4Q 2002's tax expense of $8.5 million due to under-provision for prior years' taxes amounting to $5.8 million being charged in this quarter compared with an overprovision of $18.6 million in 4Q 2002 arising from tax refunds received and tax provision no longer required. In addition, the benefit of group tax relief was only $0.8 million for 4Q 2003 compared with $8.6 million in 4Q 2002.

Adjustments for under or overprovision of tax in respect of prior years

The income tax expense is based on the statutory tax rates of the respective countries in which the companies are operating and after taking into account non-deductible expenses and temporary differences. The amount of under-provision of tax included in the Group's tax charge for the 4Q 2003 is $5.8 million (4Q 2002 : over-provision of $18.6 million).

Profit or loss on sale of investments, properties and/or plant and equipment

	Group's Share of Profit/(Loss) after tax and MI for the 4th quarter ended 31/12/2003 $M
Further gain on sale of Kallista Residences units	1.2
Further gain on divestment of Brown's Hotel	1.0
Gain on sale of Somerset Thonglor	0.8
Gain on sale of Somerset Kensington Gardens	0.8
Others	(0.2)
Total Group's share of divestment gains after tax & MI	**3.6**

1(b)(i) Balance Sheet

As at 31/12/2003 vs 31/12/2002

	Group			Company		
	31/12/2003 S$'000	**31/12/2002 S$'000 (Restated)**	**% Change**	**31/12/2003 S$'000**	**31/12/2002 S$'000 (Restated)**	**% Change**
Non-Current Assets						
Property, Plant & Equipment	1,318,015	1,400,191	(5.9)	1,487	2,339	(36.4)
Intangible Assets	36,141	32,109	12.6	-	-	-
Investment Properties	6,583,170	6,295,801	4.6	-	-	-
Properties under Devt	156,635	168,448	(7.0)	-	-	-
Interests in Subsidiaries	-	-	-	7,430,563	7,429,451	-
Interests in Associated Companies, Joint Venture Companies and Partnerships	3,062,194	2,767,501	10.6	-	-	-
Other Assets	247,629	234,129	5.8	228	1,611	(85.8)
	11,403,784	**10,898,179**	**4.6**	**7,432,278**	**7,433,401**	**-**
Current Assets	**6,154,616**	**5,574,419**	**10.4**	**1,117,009**	**926,014**	**20.6**
Devt Properties for Sale	*3,552,375*	*3,409,528*	*4.2*	-	-	-
Trade & Other Receivables	*952,587*	*893,961*	*6.6*	*624,290*	*576,119*	*8.4*
Cash & Cash Equivalents	*1,476,486*	*1,087,055*	*35.8*	*492,719*	*342,085*	*44.0*
Other Current Assets	*173,168*	*183,875*	*(5.8)*	-	*7,810*	*NM*
Less: Current Liabilities	**4,250,529**	**4,574,424**	**(7.1)**	**1,045,816**	**715,409**	**46.2**
Trade & Other Payables	*1,361,502*	*1,168,775*	*16.5*	*69,787*	*57,786*	*20.8*
Short-Term Borrowings	*2,692,522*	*3,231,993*	*(16.7)*	*976,029*	*657,623*	*48.4*
Other Current Liabilities	*196,505*	*173,656*	*13.2*	-	-	-
Net Current Assets	**1,904,087**	**999,995**	**90.4**	**71,193**	**210,605**	**(66.2)**
Less: Non-Current Liabilities						
Long-Term Borrowings	4,855,812	3,545,245	37.0	891,560	1,124,683	(20.7)
Other Non-Current Liabilities	390,452	395,902	(1.4)	1,717,045	1,556,666	10.3
	5,246,264	**3,941,147**	**33.1**	**2,608,605**	**2,681,349**	**(2.7)**
	8,061,607	**7,957,027**	**1.3**	**4,894,866**	**4,962,657**	**(1.4)**
Representing:						
Share Capital	2,517,350	2,517,350	-	2,517,350	2,517,350	-
Reserves	3,560,229	3,543,872	0.5	2,377,516	2,445,307	(2.8)
Share Capital and Reserves	6,077,579	6,061,222	0.3	4,894,866	4,962,657	(1.4)
Minority Interests	1,984,028	1,895,805	4.7	-	-	-
	8,061,607	**7,957,027**	**1.3**	**4,894,866**	**4,962,657**	**(1.4)**

NM *Not meaningful.*

Note: *The comparative balance sheet for FY 2002 has been restated to take into account the effects of INT FRS 19 on Measurement Currency, reclassification of certain leasehold properties by a subsidiary to realign more closely to Group's policy, as well as the reclassification of certain items in subsidiaries' financial statements to be in line with Group's classification.*

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

	Group As at 31/12/2003 S$'000	Group As at 31/12/2002 S$'000
Amount repayable in one year or less, or on demand:-		
Secured	493,127	912,704
Unsecured	2,199,395	2,319,289
Sub-Total 1	**2,692,522**	**3,231,993**
Amount repayable after one year:-		
Secured	1,599,557	1,649,274
Unsecured	3,256,255	1,895,971
Sub-Total 2	**4,855,812**	**3,545,245**
Total Debt	**7,548,334**	**6,777,238**
Less : Cash and cash equivalents	(1,476,486)	(1,087,055)
Net Debt	**6,071,848**	**5,690,183**

Details of any collateral

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

Cash and cash equivalents

The cash and cash equivalents as at 31/12/2003 totalling to about $1,476.5 million included approximately $1,033.2 million in fixed deposits and approximately $178.1 million in Project Accounts whose withdrawals are restricted to payment for expenditure incurred on development projects.

1(c) Consolidated Cash Flow Statements

	Group 4Q 2003 S$'000	4Q 2002 S$'000 (Restated)	FY 2003 S$'000	FY 2002 S$'000 (Restated)
Cash Flows from Operating Activities				
Profit before taxation	**17,750**	**100,427**	**354,824**	**480,976**
Adjustments for :				
(Write back)/Amortisation of intangible assets	(308)	(10,852)	(4,653)	(8,274)
Amortisation of leasehold investment property	31	32	124	125
Allowance/(Write-back) for:				
- Foreseeable losses on development properties for sale	28,394	(4,907)	28,394	(4,907)
- Loan to associated companies, joint ventures, partnerships investee companies	(232)	2,205	(522)	(497)
- Non-current portion of financial assets	30	502	(886)	9,759
Non-current employee benefits	1,657	1,447	2,909	2,551
Depreciation of property, plant and equipment	11,377	11,589	91,083	91,739
Loss/(Gain) on disposal/write-off of property, plant and equipment	765	777	(1,048)	1,704
Impairment/(Write back) of property, plant and equipment	-	635	853	(8,281)
Gain on disposal of investment properties	(6,601)	(36)	(6,139)	(7,110)
Write down in value of investment properties and properties under development	152,142	79,098	152,142	79,196
Gain on disposal of non-current financial assets	-	-	(436)	-
Gain on disposal/dilution of subsidiaries and associated companies	(16,647)	(16,529)	(67,355)	(170,254)
Share of results of associated companies, joint ventures and partnerships	(10,756)	(22,193)	(57,898)	(78,489)
Transfer of reserve on consolidation to the profit and loss account arising from cessation of business of subsidiaries	-	-	(29,051)	-
Accretion of deferred income	(1,416)	(2,147)	(4,184)	(4,678)
Interest expense	64,378	72,428	240,767	283,981
Interest income	(18,659)	(22,047)	(72,868)	(48,217)
	204,155	**90,002**	**271,232**	**138,348**
Operating profit before working capital changes	**221,905**	**190,429**	**626,056**	**619,324**
Decrease/(Increase) in working capital				
Inventories, trade and other receivables	9,238	(11,606)	(143,857)	40,693
Development properties for sale	39,601	(120,132)	218,151	93,158
Trade and other payables	139,958	109,671	198,128	(56,754)
Amount due from related corporations	544	10,761	455	(510)
Financial assets	49,114	(6,081)	11,291	(89,432)
	238,455	**(17,387)**	**284,168**	**(12,845)**
Cash generated from operations	**460,360**	**173,042**	**910,224**	**606,479**
Income tax paid	(11,374)	8,822	(114,003)	(109,555)
Customer deposits and other non-current payables refunded	744	39,248	(19,162)	14,651
Proceeds from sales of future receivables	(79,912)	169,604	33,509	169,604
Net Cash generated from Operating Activities	**369,818**	**390,716**	**810,568**	**681,179**

	< ---------- Group	---------- >		
	4Q 2003 S$'000	**4Q 2002 S$'000 (Restated)**	**FY 2003 S$'000**	**FY 2002 S$'000 (Restated)**
Cash Flows from Investing Activities				
Proceeds from disposal of property, plant & equipment	1,334	4,520	39,527	19,950
Purchase of property, plant & equipment	(16,259)	(29,188)	(53,130)	(88,776)
(Increase)/Decrease in associated companies, joint ventures and partnerships	(20,757)	153,078	(368,829)	80,057
(Increase)/Decrease in amounts owing by investee companies and other non-current receivables	(22,139)	7,352	(30,146)	23
Acquisition of investment properties and property under development	(114,072)	(25,385)	(132,805)	(81,794)
Proceeds from disposal of investment properties and property under development	27,797	18,286	37,926	20,149
Proceeds from disposal of non-current financial assets	5,528	762	4,576	14,291
Dividends received from associated companies, joint ventures and partnerships	11,393	20,157	69,473	41,033
Acquisition of remaining interest in a subsidiary	(53,150)	-	(53,150)	-
(Acquisition)/Disposal of subsidiaries (net)	(134,806)	31,188	60,894	409,886
Interest income received	29,025	3,525	63,823	19,084
Net Cash (used in)/generated from Investing Activities	**(286,106)**	**184,295**	**(361,841)**	**433,903**
Cash Flows from Financing Activities				
(Repayment of)/Proceeds from loans from related corporations	(2)	335	(26,647)	3,825
(Repayment of)/Proceeds from loans from minority shareholders	(52,075)	(78,226)	(69,739)	20,133
Contribution from minority interests	126,748	959	134,425	61,568
Proceeds/(Repayment of) from term loans	525,529	(7,673)	1,271,711	(844,345)
Repayment of debt securities	(213,671)	(114,018)	(924,596)	(682,732)
Dividends paid to minority shareholders	(17,017)	(46,980)	(61,185)	(113,979)
Dividends paid to shareholders	-	-	(98,177)	(58,906)
Interest expense paid	(80,771)	(91,561)	(292,961)	(338,390)
Net Cash generated from /(used in) Financing Activities	**288,741**	**(337,164)**	**(67,169)**	**(1,952,826)**
Net increase/(decrease) in cash and cash equivalents	**372,453**	**237,847**	**381,558**	**(837,744)**
Cash and cash equivalents at beginning of the period	1,108,716	835,820	1,083,645	1,909,363
Effect of foreign exchange rate changes on cash balances	(5,403)	9,978	10,563	12,026
Cash and cash equivalents at end of the period/year	**1,475,766**	**1,083,645**	**1,475,766**	**1,083,645**

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

As at 31/12/2003 vs 31/12/2002

	<------------------------------- Group ------------------------------->								
S$M	Share Capital	Share Prem.	Cap. Res.	Cap. Redem Res.	Reval. Res.	For. Curr. Tran. Res.	Res. On Conso.	Rev. Res.	Total
Balance as at 1/1/2002	**2,517**	**3,429**	**94**	**4**	**341**	**(12)**	**7**	**(374)**	**6,006**
Effects of change in accounting policy					36		(2)	46	**80**
Effects of adopting INT FRS 19						(23)		20	**(3)**
Profit for 2002 as restated								280	**280**
Dividends paid								(59)	**(59)**
Transfer to revenue reserve			(3)					3	**-**
Convertible bonds			30						**30**
Net deficit on revaluation of investment properties & properties under devt.					(273)				**(273)**
Realised revaluation reserve transferred to P/L account					(130)				**(130)**
Revaluation surplus for an investment property reclassified from PPE held by an assoc. co.					111				**111**
Share of assoc & jv companies net revaluation deficit					(81)				**(81)**
Revaluation deficit charged to P/L					79				**79**
Foreign currency translation differences						5			**5**
Dilution/disposal of subsidiary and assoc. co.						7	11	(1)	**17**
Transfer to P/L on realisation of goodwill previously charged to reserves									
Others							(1)		**(1)**
Balance as at 31/12/2002	**2,517**	**3,429**	**121**	**4**	**83**	**(23)**	**15**	**(85)**	**6,061**
Profit for 2003								105	**105**
Dividends paid								(98)	**(98)**
Transfer to revenue reserve			(19)					19	**-**
Net deficit on revaluation of investment properties & properties under devt.					(92)				**(92)**
Realised revaluation reserve transferred to P/L account					(14)				**(14)**
Share of assoc & jv companies net revaluation deficit					(49)				**(49)**
Revaluation deficit charged to P/L					162				**162**
Foreign currency translation differences						41			**41**
Dilution/disposal of subsidiary and assoc. cos/ discontinuance of business						(9)	(28)	(2)	**(39)**
Others							1		**1**
Balance as at 31/12/2003	**2,517**	**3,429**	**102**	**4**	**90**	**9**	**(12)**	**(61)**	**6,078**

As at 31/12/2003 vs 31/12/2002

S$M	Share Capital	Share Prem.	Cap. Res.	Cap. Redem Res.	Reval Res.	For. Curr. Tran. Res.	Res. On Conso.	Rev. Res.	Total
	<------ Company ------>								
Balance as at 1/1/2002	**2,517**	**2,161**	**-**	**^**	**-**	**-**	**-**	**270**	**4,949**
Profit for 2002								43	**43**
Dividends paid								(59)	**(59)**
Conversion rights of convertible bonds			30						**30**
Balance as at 31/12/2002	**2,517**	**2,161**	**30**	**^**	**-**	**-**	**-**	**254**	**4,963**
Profit for 2003								30	**30**
Dividends paid								(98)	**(98)**
Balance as at 31/12/2003	**2,517**	**2,161**	**30**	**^**	**-**	**-**	**-**	**186**	**4,895**

^ *Less than $1.0 million.*

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

Issued Share Capital
During the year under review, there was no change in the Company's issued share capital.

Share Options
During the year, 4 batches of share options totalling 25,138,120 with exercise prices ranging from $1.02 to $1.38 per share were granted. The options may be exercised one year after the date of grant and in accordance with a vesting schedule as laid down in the CapitaLand Share Option Plans rules. There was no exercise of options but 10,846,675 options lapsed or were cancelled. As at 31/12/2003, there were 68,418,809 (31/12/2002 : 54,127,364) unissued shares under options.

Performance Shares
During the year, conditional awards of 2,160,000 performance shares in total were granted to 15 executives of the Group. Todate, no release of performance shares has been made as the three-year performance cycle of the first grant will end in 2004 and any release of performance shares will be in 2005. During the year, 290,000 performance shares lapsed. As at 31/12/2003, there were 3,650,000 (31/12/2003 : 1,780,000) performance shares outstanding under conditional awards.

$380 million Convertible Bonds
There are existing $380 million convertible bonds due 2007 issued by the Company which are convertible into 162,685,161 new ordinary shares at the conversion price of $2.3358 per new ordinary share. As at 31/12/2003, the number of new ordinary shares that may be issued on conversion is 162,685,161 (31/12/2002 : 162,685,161).

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not 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

In 2003, The Ascott Group Limited, a subsidiary of the Group which is also listed on the Stock Exchange of Singapore, reclassified its overseas leasehold serviced residences properties in China, Vietnam and Indonesia from "Property, Plant & Equipment" to "Investment Properties" to realign more closely to CapitaLand Group's accounting policy on investment properties.

The adjustments arising from this reclassification was effected retrospectively with credit adjustments amounting to $35 million and $41 million to the Group's opening retained earnings and revaluation reserve, respectively, on 1/1/2003. The effect on the current year's profit and loss account ("P&L") is a net increase in profit of $8.4 million (Group's share : $5.8 million) comprising reversal of depreciation expense of $10.7 million and the revaluation deficit of $2.3 million on the said serviced residences charged to P&L under Group's policies.

In 2003, a new accounting standard "INT FRS 19 : Measurement Currency" also came into operation. This new accounting standard requires that items included in the financial statements of each entity in the Group be measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. Arising from this basis of preparation of financial statements, the adoption of INT FRS 19 resulted in certain subsidiaries of the Group to change their measurement currencies. The impact on the opening retained earnings of the Group as at 1/1/2003 amounts to a credit adjustment of $20.4 million. The effect on the current year's P&L is a net gain of $3.1 million.

Apart from the above, 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 31/12/2003.

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 paragraph 4.

6. Earnings per ordinary share (EPS) based on profit after tax & MI above after deducting any provision for preference dividends:-

In computing the EPS for 6(a) below, the weighted average number of ordinary shares in issue is 2,517.3 million (2002: 2,517.3 million) during the financial year under review.

In computing the EPS for 6(b) below, share options and convertible bonds whose exercise prices are equal to or above $1.55, the market share price of the Company as at 31/12/2003, are disregarded. The weighted average number of shares used for the computation for the EPS on fully diluted basis for 4Q & full year of 2003 is 2,523.0 million (4Q & FY2002 : 2,517.3 million).

		<------------------------ Group			------------------------>
		4Q 2003	**4Q 2002 (Restated)**	**FY 2003**	**FY 2002 (Restated)**
6(a)	EPS based on weighted average number of ordinary shares in issue	(2.9 cts)	1.6 cts	4.2 cts	11.1 cts
6(b)	EPS based on fully diluted basis	(2.9 cts)	1.6 cts	4.2 cts	11.1 cts

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

	Group		Company	
	31/12/2003	**31/12/2002 (Restated)**	**31/12/2003**	**31/12/2002**
NAV per ordinary share	$2.41	$2.41	$1.94	$1.97
NTA per ordinary share	$2.40	$2.40	$1.94	$1.97

8. **Review of the performance of the group**

GROUP OVERVIEW

$M	**4Q 2003 (3 mths)**	**4Q 2002 (3 mths) (Restated)**	**FY 2003 (12 mths)**	**FY 2002 (12 mths) (Restated)**	**3Q 2003 (3 mths)**
Revenue	1,316.6	995.7	3,830.1	3,261.7	896.0
EBIT	82.1	172.9	595.6	765.0	172.4
Finance costs	(64.4)	(72.4)	(240.8)	(284.0)	(55.3)
PBT	17.8	100.4	354.8	481.0	117.1
PATMI	(74.1)	39.7	105.3	280.0	67.0
EBIT (excl .net gains/provns)	*257.5*	*212.3*	*685.8*	*634.8*	*151.2*
PATMI (excl. net gains/ provns)	*94.2*	*83.3*	*210.6*	*172.3*	*46.5*

4Q 2003 vs 4Q 2002

The Group achieved revenue of $1,316.6 million for 4Q 2003, a robust jump of 32.2% over the corresponding quarter of 2002. The increase was contributed mainly from higher residential sales in China and Singapore and contribution from Swissôtel Nankai Osaka which was launched in September 2003, as well as progressive recognition of construction income earned under the redevelopment contract for One George Street project.

Although the revenue was substantially higher, the Group recorded a net loss of $74.1 million compared to a net profit of $39.7 million in 4Q 2002. The deterioration was mainly due to higher revaluation deficits charged to the profit and loss account ("P&L"), lower portfolio gains, as well as higher taxes. Excluding portfolio gains and provisions, PATMI would have been $94.2 million for this quarter, higher than the $83.3 million recorded in 4Q 2002.

Full Year 2003 vs Full Year 2002

2003 had been a challenging year. The market conditions in Singapore continued to be difficult and the generally weak economy in the region persisted. In addition, the Group had to overcome the negative effects of war in Iraq and SARS in the first half year, as well as the continual fears of terrorism. The Group also had to make further provisions for decline in capital values of investment properties and diminution in value of investments.

Despite all these adversities, the Group achieved a commendable revenue of $3,830.1 million and a net profit of $105.3 million for full year 2003. This relatively positive showing was the fruits of past strategies taken by the Group, namely:-

- Embarking on a monetisation programme to achieve an asset-light balance sheet, realise capital gains as well as to use the proceeds to pare down debt. This was achieved not just by pure divestments but in certain cases, through innovative new financial products such as the CapitaMall Trust, the first real estate investment trust ("Reit") in Singapore.

- Diversifying the Group's risks through overseas expansion.
  Overseas assets have increased to 38.1% of Group's total assets compared to 34.2% in 2002. They now contributed 64.3% of Group's revenue and 64.6% of Group's EBIT (excluding provisions) compared to 61.1% and 44.9% respectively last year.

- Raising asset productivity through improving yields of investment properties, using Reits/Funds for capital efficient growth and increasing asset turnover.

- Changing the Group's business model by growing higher value-added services and earning more fee-based income.

- Proactive refinancing strategies to reduce finance costs.

The revenue of $3,830.1 million for 2003 was in fact $568.4 million or 17.4% higher than last year. This came mainly from our Residential SBU which contributed about $595.2 million higher revenue due to better performance achieved across the board in its residential operations in Australia, China and Singapore. Our Hotels SBU also achieved higher revenue due to contributions from new contracts clinched. These higher revenues helped to offset the loss of contributions from assets divested.

Operating performance was better than 2002. In addition, finance costs was lower by $43.2 million or 15.2% from $284.0 million last year to $240.8 million this year. However, the improved operating performance and reduced finance costs were offset by provision for decline in capital values of investment properties which had to be charged to the P&L as the revaluation reserves for certain countries were fully utilised in 2002. The revaluation deficits charged to the P&L for 2003 amounted to $161.8 million compared to $79.4 million in 2002. As a result of this charge, the Group's profit after tax and minority interests ("PATMI") was reduced to $105.3 million vs 2002's restated PATMI of $280.0 million. Excluding portfolio gains and provisions, Group's PATMI for 2003 would have been $210.6 million compared to $172.3 million.

The Group's net debt and gearing at end 2003 were $6.1 billion and 0.75 respectively compared with net debt of $5.7 billion and gearing of 0.72 a year ago. The increased borrowings were due mainly to new investments. Despite further revaluation deficits taken in at year-end and the 5 cents per share dividend payout in May 2003 which was partially offset by the profits made in 2003, net tangible assets per share remained unchanged at $2.40.

Segment Performance

Commercial SBU: CapitaLand Commercial Limited ("CCL")

Revenue for 4Q 2003 was $113.8 million, an increase of $10.7 million over 4Q 2002. The increase was due to higher progressive construction income earned under the redevelopment contract for One George Street.

4Q 2003's EBIT was a loss of $98.2 million, a result of the write down in capital values of the investment properties portfolio. The revaluation deficits charged to the profit and loss account for 4Q 2003 were higher than in 4Q 2002 as the Group had fully utilised its revaluation reserves in respect of Singapore investment properties at 2002 year-end. Excluding the revaluation deficits, operating EBIT for 4Q 2003 would have been higher by $4.3 million than the corresponding period last year.

Comparing full year, revenue for 2003 at $400.9 million was lower by 8.9%. The decrease was largely due to the deconsolidation of the CMT properties and fewer sales of Canary Riverside apartments, partially mitigated by revenue from the redevelopment contract for One George Street. Full year EBIT at $72.7 million was much lower than the $281.1 million for 2002 due to the higher revaluation deficits charged to the profit and loss account and absence of material portfolio gains compared to last year. Without write-down, EBIT would have been $223.0 million.

Financial SBU: CapitaLand Financial Limited ("CFL")

4Q 2003 saw higher fee income for CFL for its role in the acquisition of 3 suburban malls, namely Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall for CapitaRetail Singapore Fund ("CRS") which was established on 17 December 2003. 4Q 2003 revenue of $13.9 million was 20.1% higher than the corresponding period of last year and EBIT was a turnaround at $13.8 million compared to loss of $4.6 million in 4Q 2002.

On full year, revenue grew 38.3% to $40.9 million in 2003 from $29.5 million in 2002 due mainly to structuring and advisory fees earned from CRS as well as CapitaMall Trust for the acquisition of IMM Building. EBIT achieved was more than doubled at $18.6 million vs $7.4 million a year ago.

Residential SBU: CapitaLand Residential Limited ("CRL")

4Q 2003 revenue of $942.6 million was higher by $261.6 million or 38.4% compared to the corresponding period last year. The increase in revenue was mainly due to higher sales contribution from Singapore and China operations. 4Q 2003 EBIT was $150.3 million, representing an increase of 28.8% or $33.6 million, in line with the increase in revenue.

Following the successful launch of The Imperial, CRL released The Botanic on Lloyd, comprising 66 units (6 garden terraces and 60 apartments) in November 2003. The response has been encouraging, with a take-up rate of 61% todate.

In China, another 3 blocks of Oasis Riviera and the last block of Summit Residences were launched in the 4th quarter of 2003. Based on units launched to date, Summit Residences, Oasis Riviera and La Cité are now 88%, 95% and 99% sold respectively.

In Australia, Australand received all the requisite approvals to form a stapled entity known as the Australand Property Group ("APG"). The stapled securities of the APG were listed and traded on the Australian Stock Exchange and Singapore Stock Exchange on 12 November 2003. In the 4th quarter of 2003, income from Australand Property Trust ("APT") made its first contributions to CRL's earnings.

FY 2003 revenue of $2,560.1 million was higher by $595.2 million or 30.3% increase compared to last year. Our China operation contributed good revenue growth of 8.1% which was mainly attributed to Summit Residences, La Cité and Oasis Riviera. Revenue from Australia and Singapore operations was also higher than 2002.

FY 2003 EBIT of $349.2 million represented a 18.9% increase compared to last year. EBIT for China operation amounted to $118.5 million, recording a robust growth compared to last year.

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

4Q 2003 revenue of $52.4 million was $5.7 million higher than 4Q 2002. The increase came from 9% improvement in serviced residences' revenue and higher number of remaining residential units sold in the quarter. In tandem, operating EBIT was higher at $15.2 million.

Comparing full year, 2003 revenue of $200.2 million was $28.5 million or 12.5% lower than 2002 due mainly to bulk of non-core residential & other businesses being already phased out in 2001 and 2002. For the core serviced residence operations, excluding Somerset Grand Shanghai which was deconsolidated in August 2002, revenue increased by 7% or $9.8 million. The growth came from contributions from new acquisition in Europe and improvement in China, Indonesia, Thailand and Vietnam serviced residences, partially offset by weaker performance from Singapore and Philippines. 2003's EBIT of $54.7 million was 16.4% lower than 2002 due mainly to group adjustments, in particular $6.3 million decline in values of certain investment properties owned by Ascott which has to be taken to the Group's P&L.

Hotels SBU: Raffles Holdings Group and RC Hotels ("The Hotels SBU")

4Q 2003 revenue of $176.5 million was $39.6 million or 28.9% higher than 4Q 2002. This was due to the consolidation of three-month revenue of Swissôtel Nankai Osaka and improved performance by other hotels, partially offset by the deconsolidation of Raffles Brown's Hotel following the divestment. 4Q 2003 negative EBIT of $2.0 million was $28.0 million lower than 4Q 2002 EBIT of $26.0 million. This was largely due to provisions of $12.4 million made, decline in values in certain investment properties in the Hotels SBU of $16.8 million and absence of exceptional gains in this quarter compared to 4Q 2002. Excluding exceptional items and the decline in values of certain investment properties, the 4Q 2003 EBIT actually improved due to better performance from operations resulting from leaner costs structure on successful implementation of cost and efficiency management measures during the year.

Comparing full year, 2003 revenue of $546.0 million was $26.9 million or 5.2% higher than 2002 revenue of $519.2 million. This increase was due to consolidation of four-month revenue of Swissôtel Nankai Osaka and maintaining of market share through aggressive marketing campaigns. The increase was also due to the translation of revenue denominated in foreign currencies (the Swiss Franc, the Euro and the A$) into S$ at higher exchange rates. These more than offset the deconsolidation of Raffles Brown's revenue following its divestment in June 2003. EBIT of $60.2 million was lower than $65.5 million as a result of decline in values in certain investment properties in the Hotels SBUs which flowed to the Group's profit and loss account. EBIT from operations, excluding net exceptional gains and decline in values of certain investment properties, actually improved over 2002 due to higher turnover and lower costs arising from the leaner costs structure.

Property Services SBU: PREMAS

4Q 2003 revenue was $4.0 million or 11.5% lower than 4Q 2002 due mainly to lower revenue from project works. Correspondingly, EBIT was lower by $0.4 million.

Comparing year on year, FY 2003 revenue increased by $4.9 million or 4.1% to $123.8 million. The increase was mainly attributable to new facility management and consulting contracts secured, both in Singapore as well as overseas operations. However, EBIT declined by $0.3 million or 3.8% due mainly to lower margins as a result of stiffer competition.

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

The current announced results are broadly in line with the prospect statement previously disclosed to shareholders in the 2003 third quarter financial statements announcement.

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

Commercial SBU: CapitaLand Commercial Limited ("CCL

2003 had been a challenging year, given the weak economic climate which was aggravated by the onset of SARS and fears of terrorism. Despite the very difficult conditions, our retail sector managed to emerge relatively unscathed, due in part to our active asset enhancement initiatives.

Our office sector's performance was however affected as demand for office space for the most part of the year has been lacklustre. In Singapore however, 4Q 2003 saw the first sign of increased enquiries and demand in certain prime locations. Overseas, Raffles City Shanghai office tower has been completed in December 2003, and is already 52% let.

The Group took into account the weakness in office rental and demand, and wrote down in the capital values of our office and industrial properties portfolio.

With more economic indicators pointing to a better year for cities in which we have a presence, we are cautiously optimistic that rental and occupancies of offices and industrial properties will stabilise. Retail portfolio should continue to do well and will continue to benefit from various asset enhancement initiatives being pursued, such as the re-positioning works amounting to $55 million to be carried out for Clarke Quay. Overall, CCL expects to be profitable in 2004.

Financial SBU: CapitaLand Financial Limited ("CFL")

On fund management business, CFL now has S$3.1 billion assets under management. In the course of 2003, CFL has also been involved in transactions totalling S$775 million, such as the acquisition of IMM Building for CMT as well as the formation of CRS and its acquisition of Lot One Shoppers' Mall, Bukit Panjang Plaza and Rivervale Mall. With the pick up in institutional investors' interest in Asian properties, the focus for CFL in 2004 will be to successfully raise US$100 million to US$200 million for the CapitaRetail Japan Fund and US$100 million for China Residential Fund, and to provide advisory and structuring services for transaction by value exceeding that achieved for 2003. CFL expects to be profitable in 2004.

Residential SBU: CapitaLand Residential Limited ("CRL")

For the year ahead, a recovery is expected in the Singapore residential market. CRL intends to launch 800 to 1,000 units in 2004.

China is expected to continue with its robust growth and residential sales are expected to continue to be strong. CRL intends to launch at least 1,000 units in China in 2004.

Australia operation will continue to make a positive impact on Group's profitability. Its performance is expected to exceed that of 2003.

Overall, CRL expects 2004 to be profitable.

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

The economic and business outlook in the major cities in which Ascott operates is improving over 2003. Q1 2004 and FY 2004 are expected to be profitable. Barring any unforeseen events, net profit in FY 2004 is expected to be higher than FY 2003.

Hotels SBU: Raffles Holdings Group and RC Hotels ("The Hotels SBU")

According to the Economist Intelligence Unit, global GDP is expected to grow 4.2% in 2004, an upward revision from its earlier forecast of 3.9%. An improving global economy is expected o increase demand for international travel and IATA has forecast a 7% to 8% increase in international passenger traffic in 2004, with Asia-Pacific leading the recovery. This expected pick-up in the economic growth and international traffic will, in turn, flow through in lodging demand globally in the coming year.

The Hotels SBU has been successful in implementing the various initiatives to improve efficiency and costs management. For the coming year, it will focus on growing its revenue with the expected recovery in global lodging industry to benefit from the improvement in its operating leverage.

The Hotels SBU will also be embarking on further initiatives to expand the awareness of its two distinct brands – Raffles Hotels & Resorts and Swissôtel Hotels & Resorts. It will also redouble its efforts to push the important e-commerce channel to tap a market segment not fully served by its traditional global sales and marketing network. Additionally, it will tap emerging markets of China, Russia and Middle East, as well as continue to pursue its asset-light strategy to grow its network of hotels internationally.

In line with the economic and industry outlook, the SBU expects performance from operations to be profitable for the whole of 2004 and that 1Q 2004 would be better than 1Q 2003. On an overall basis, the SBU expects the level of profitability to be lower than 2003 as it does not currently expect exceptional gains this year, as well as higher interest expenses as the SBU gears up to fund future growth.

Property Services SBU: PREMAS

The property services industry is expected to remain very competitive. Hence, the key focus for PREMAS is to continue with value-adding services with the primary aim of maximising operational yields for its customers. Towards this end, PREMAS is planning to roll out real estate management software systems and technology licensing. It will also continue with expansion efforts in overseas markets such as United Arab Emirates and Thailand. PREMAS is expected to remain profitable in 2004.

GROUP OVERALL PROSPECTS FOR 2004

2004 is expected to be a positive turning point for the Singapore residential property market.

The Group has rebalanced its portfolio of residential development sites, increasing the number of 99-year leasehold sites. Since late last year, CapitaLand has steadily increased the proportion of 99-year leasehold site in Singapore to more than a fifth of its total Singapore residential development sites portfolio.

The Singapore office property market is expected to consolidate in the course of 2004. There are indications among some large office tenants that they are looking to expand their operations in Singapore.

The Group will be establishing a new real estate investment trust known as CapitaCommercial Trust ("CCT") which will hold seven properties currently 100% owned by the Group. In conjunction with this, there will be capital reduction and a distribution *in specie* of approximately 60% of the issued CCT units free to shareholders.

Both China and Australia will continue to be cornerstones of the Group's overseas operations. In addition, new markets like Thailand, Dubai and India could offer interesting opportunities to advance the Group's multi-local strategy. We will also actively seek opportunities to create real estate-based financial products and services in the course of our international operations.

Full-year impact of new management contracts secured earlier, coupled with continued emphasis on cost rationalisation, is expected to boost the performance of the Group's hospitality businesses.

Barring unforeseen circumstances, the Group expects 2004 to be profitable.

11. Dividend

11(a) Any dividend declared for the present financial period? Yes. Please refer to paragraph 16.
11(b) Any dividend declared for the previous corresponding period? Yes.
11(c) Date payable : To be announced at a later date
11(d) Books closing date : To be announced at a later date

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

Not applicable.

13. Segmental Revenue & Results

13(a)(a) By Strategic Business Units (SBUs) – 4Q 2003 vs 4Q 2002

	<------------Turnover ---------->			<---Profit before interest & tax--->		
	4Q 2003 (3 mths)	**4Q 2002 (3 mths) (Restated)**	**% Change**	**4Q 2003 (3 mths)**	**4Q 2002 (3 mths) (Restated)**	**% Change**
	S$'000	**S$'000**		**S$'000**	**S$'000**	
Commercial	113,793	103,072	10.4	(98,222)	26,891	NM
Financial	13,893	11,572	20.1	13,842	(4,578)	NM
Residential	942,579	680,957	38.4	150,344	116,737	28.8
The Ascott Group	52,434	46,707	12.3	15,179	2,950	414.5
RHL Group & RCH	176,515	136,964	28.9	(2,030)	26,007	NM
Property Services Group	30,948	34,955	(11.5)	1,692	2,053	(17.6)
Others and consolidation adjms	(13,574)	(18,512)	(26.7)	1,323	2,795	(52.7)
Group	**1,316,588**	**995,715**	**32.2**	**82,128**	**172,855**	**(52.5)**

13(a)(b) By Strategic Business Units (SBUs) – FY 2003 vs FY 2002

	<------------Turnover --------->			<---Profit before interest & tax--->		
	FY 2003 S$'000	**FY 2002 S$'000 (Restated)**	**% Change**	**FY 2003 S$'000**	**FY 2002 S$'000 (Restated)**	**% Change**
Commercial	400,895	439,896	(8.9)	72,662	281,141	(74.2)
Financial	40,863	29,546	38.3	18,640	7,352	153.5
Residential	2,560,101	1,964,930	30.3	349,225	293,816	18.9
The Ascott Group	200,245	228,748	(12.5)	54,665	65,400	(16.4)
RHL Group & RCH	546,020	519,158	5.2	60,215	65,526	(8.1)
Property Services Group	123,763	118,905	4.1	7,978	8,291	(3.8)
Others and consolidation adjms	(41,801)	(39,504)	5.8	32,206	43,431	(25.8)
Group	**3,830,086**	**3,261,679**	**17.4**	**595,591**	**764,957**	**(22.1)**

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

	<------------Turnover --------->			<-- Profit before interest & tax --> (including exceptional items)		
	FY 2003 S$'000	**FY 2002 S$'000**	**% Change**	**FY 2003 S$'000**	**FY 2002 S$'000**	**% Change**
The Ascott Group	200,245	228,748	(12.5)	60,928	82,678	(26.3)
Raffles Holdings Group	420,105	385,333	9.0	80,875	70,862	14.1

13(a)(c) By Geographical Location – 4Q 2003 vs 4Q 2002

	<------------Turnover --------->			<--Profit before interest & tax-->		
	4Q 2003 (3 mths) S$'000	**4Q 2002 (3 mths) (Restated) S$'000**	**% Change**	**4Q 2003 (3 mths) S$'000**	**4Q 2002 (3 mths) (Restated) S$'000**	**% Change**
Singapore	421,446	298,074	41.4	(127,222)	62,545	NM
Australia & New Zealand	564,880	509,493	10.9	73,306	75,544	(3.0)
China	191,905	47,538	303.7	124,356	(10,658)	NM
Asia (excl. Sgp & China)	56,221	66,816	(15.9)	12,290	37,254	(67.0)
Europe	73,796	64,757	14.0	1,648	34	NM
Others	8,340	9,037	(7.7)	(2,250)	8,136	NM
Group	**1,316,588**	**995,715**	**32.2**	**82,128**	**172,855**	**(52.5)**

13(a)(d) By Geographical Location – FY 2003 vs FY 2002

	<------------Turnover --------->			<--Profit before interest & tax-->		
	FY 2003 S$'000	**FY 2002 S$'000 (Restated)**	**% Change**	**FY 2003 S$'000**	**FY 2002 S$'000 (Restated)**	**% Change**
Singapore	1,365,536	1,268,627	7.6	111,196	424,994	(73.8)
Australia & New Zealand	1,672,381	1,220,924	37.0	186,213	151,837	22.6
China	361,910	340,996	6.1	185,119	79,602	132.6
Asia (excl. Sgp & China)	131,344	120,243	9.2	69,961	70,729	(1.1)
Europe	263,873	274,317	(3.8)	38,561	22,438	71.9
Others	35,042	36,572	(4.2)	4,541	15,357	(70.4)
Group	**3,830,086**	**3,261,679**	**17.4**	**595,591**	**764,957**	**(22.1)**

14. **<u>In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments</u>**

Please refer to paragraph 8.

15. **Breakdown of Group's sales and operating profit for first half year and second half year**

	FY 2003 S$'000	FY 2002 S$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	1,617,543	1,491,564	8.4
(b) Operating profit/(loss) after tax before deducting minority interests for first half year	153,418	141,935	8.1
(c) Sales reported for second half year	2,212,543	1,770,115	25.0
(d) Operating profit/(loss) after tax before deducting minority interests for second half year	51,114	252,320	(79.7)

16. **<u>Breakdown of Total Annual Dividend (in dollar value) of the Company</u>**

	Financial year ended 31/12/2003	**Financial year ended 31/12/2002**
Name of Dividend	First & Final	First & Final
Type of Dividend	Cash	Cash
Dividend Rate	4% per ordinary share (4 cents per share)	5% per ordinary share (5 cents per share)
Par Value of Ordinary Share	S$1.00	S$1.00
Tax Rate	22%	22%
Total Annual Dividend after Tax (S$'000)	**78,541**	**98,177**

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

BY ORDER OF THE BOARD

Tan Wah Nam
Company Secretary
6 February 2004