

2012/13

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## **CORPORATE INFORMATION**

(As at 20 February 2013)

### **Board of Directors**

#### **Executive Directors**

Quek Leng Chan – *Executive Chairman*

Kwek Leng Hai – *President, CEO*

Tan Lim Heng

#### **Non-executive Director**

Kwek Leng San

#### **Independent Non-executive Directors**

Volker Stoeckel

Roderic N. A. Sage

### **Board Audit Committee**

Roderic N. A. Sage – *Chairman*

Volker Stoeckel

### **Board Remuneration Committee**

Volker Stoeckel – *Chairman*

Quek Leng Chan

Roderic N. A. Sage

### **Board Nomination Committee**

Quek Leng Chan – *Chairman*

Volker Stoeckel

Roderic N. A. Sage

### **Chief Financial Officer**

Stephen Law Cheuk Kin

### **Company Secretary**

Stella Lo Sze Man

### **Place of Incorporation**

Bermuda

### **Registered Office**

Canon's Court, 22 Victoria Street

Hamilton HM 12, Bermuda

### **Principal Office**

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Hong Kong

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### **Branch Share Registrars**

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Investor Services Limited

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## FINANCIAL RESULTS

The unaudited consolidated profit attributable to shareholders for the six months ended 31 December 2012, after taxation and non-controlling interests, amounted to HK\$3,347 million, as compared to a loss of HK\$2,595 million for the previous corresponding period. The profit resulted mainly from the Group's principal investment business following the recovery of the financial markets during the period. Basic earnings per share amounted to HK\$10.30.

For the six months ended 31 December 2012, the principal investment division posted a net gain of HK\$2,929 million of which HK\$2,705 million represented unrealised gain on trading financial assets. The operating loss of HK\$258 million recorded by us from property development and investment resulted from the reversal of a HK\$636 million profit earned by our principal subsidiary, GuocoLand Limited. The reversal was due to the adoption of the completion of construction method for revenue recognition versus stage completion method adopted by GuocoLand.

Profits (before taxation) were also generated from the following sources:

- hospitality and leisure business of HK\$560 million;
- contributions from associates and jointly controlled entities of HK\$551 million;
- oil and gas royalty of HK\$181 million;

and were set off by finance costs in the sum of HK\$532 million.

Revenue increased by 6% to HK\$6.0 billion. The increase was mainly attributable to the increase in revenue derived from the hospitality and leisure sector in the sum of HK\$304 million.

## INTERIM DIVIDEND

No interim dividend was declared for the six months ended 31 December 2012.

## REVIEW OF OPERATIONS

### Principal Investment

Global stock prices advanced in the last six months of 2012 on the back of on-going policy support by major central banks, improved economic data from the U.S., a revival of growth expectations in China and low market valuation. In Japan, a change in government and the likelihood that more reflationary policies would be implemented also boosted its market performance. All these factors contributed to rising risk appetite by investors and generally higher asset prices. We continued to focus on our long-term strategic investment positions.

In this period, due to high volatility and pricing distortions created by policy announcements of various governments, we maintained a prudent approach in managing our currency exposure. More focus was placed on liability management with the establishment of the Company's first medium term note programme and 5-year bond issuance of US\$500 million to diversify our funding source.

## REVIEW OF OPERATIONS (Cont'd)

### Property Development and Investment

#### GuocoLand Limited (“GuocoLand”)

GuocoLand’s profit attributable to shareholders for the half year ended 31 December 2012 was S\$21.6 million, compared to S\$36,000 in the previous corresponding period.

Revenue for the half year ended 31 December 2012 increased by 64% to S\$416.5 million as compared to the previous corresponding period. This was mainly due to higher revenue recognised from various Singapore residential projects.

Other income increased by S\$6.2 million mainly due to fair value gain on interest rate and foreign exchange hedges for the half year ended 31 December 2012 whilst a fair value loss of S\$3.8 million was recorded in other expenses in the previous corresponding period.

Finance costs increased by S\$15.2 million for the half year ended 31 December 2012 due to higher borrowings and lower capitalisation of interest expenses in the current period.

With uncertainties still looming in the global economy, the latest round of property cooling measures by the Singapore government is likely to add more volatility to the business environment. While managing the market risks, GuocoLand will continue to focus on the execution of its current projects and cautiously exploring investment opportunities.

### Hospitality and Leisure Business

#### GuocoLeisure Limited (“GuocoLeisure”)

GuocoLeisure recorded a profit after tax for the half year ended 31 December 2012 of US\$35.3 million, a decrease of 3.6% as compared to US\$36.6 million in the previous corresponding period. Stripping away the one-off gain (net of tax) of US\$9.7 million realised in the previous corresponding period from the resolution of a royalty entitlement dispute, profit after tax increased by 31.2% or US\$8.4 million.

Revenue increased by 7.5% to US\$203.9 million compared to the previous corresponding period. This was mainly due to higher revenues generated from the hotel segment during the 2012 London Olympics.

Income from the Bass Strait oil and gas royalty in Australia decreased by 18.2% to US\$25.6 million as compared to US\$31.3 million in the previous corresponding period which included a one-off royalty distribution of US\$5.4 million arising from the resolution of a royalty entitlement dispute.

The adverse situation in the Eurozone as well as in the UK continues to have an impact on GuocoLeisure’s hospitality business which is its largest segment. The Bass Strait oil and gas royalty in Australia will continue to see a steady contribution.

## REVIEW OF OPERATIONS (Cont'd)

### Hospitality and Leisure Business (Cont'd)

#### The Rank Group Plc ("Rank")

During the half year ended 31 December 2012, Rank's profit after taxation (before exceptional items) reduced by 1.3% to GBP22.8 million. Revenue grew by 5.4% to GBP312.0 million, while operating profit before exceptional items of GBP33.4 million was down 3.5%. For the UK businesses, Grosvenor Casinos delivered a strong increase in operating profit but this was offset by profit falls in both Mecca Bingo and the Rank Interactive digital businesses. Enracha (the new brand for the Spanish business previously called "Top Rank España") and the two Belgium casinos continued to experience difficult trading conditions following the implementation of smoking bans and the continuing difficult economic conditions in the Eurozone.

Exceptional items totalling GBP4.7 million were recognised during the current period. These included costs incurred of GBP3.9 million in connection with the conditional agreement to acquire Gala Casinos Limited and a further GBP0.8 million recognised in relation to historic indirect taxation issues.

On 12 May 2012, Rank announced that it had conditionally agreed to acquire Gala Casinos Limited from Gala Coral Group Limited ("Gala Coral Group") for a total cash consideration of GBP205 million (the "Proposed Acquisition"). On 20 August 2012 the Office of Fair Trading announced that it had referred the Proposed Acquisition to the Competition Commission. Accordingly on 19 September 2012 the agreement relating to the Proposed Acquisition ceased to be formally binding on the parties. The Competition Commission has published on 19 February 2013 its final report following completion of its review of the Proposed Acquisition. Rank will be able to proceed with the purchase of 19 of the 23 casinos originally comprised within the Proposed Acquisition, as well as three non-operating licences (subject to agreeing appropriate remedy undertakings with the Competition Commission in relation to Rank's non-operating licence in Edinburgh and the four casinos to be retained by Gala Coral Group). Rank and Gala Coral Group are continuing their discussions in relation to appropriate amendments to the terms of the Proposed Acquisition in light of the aforesaid report from Competition Commission.

### Financial Services

#### Hong Leong Financial Group Berhad ("HLFG")

For the half year ended 31 December 2012, HLFG's profit before tax increased by 48.3% to RM1,446.1 million as compared to RM975.1 million in the previous corresponding period.

The commercial banking division recorded a profit before tax of RM1,275.8 million as compared to RM953.9 million in the previous corresponding period, an increase of 33.7%. The increase was due to a higher net income, a writeback of allowance for impaired loans and lower other operating expenses coupled with higher profit contribution from the investment in Bank of Chengdu Co., Limited, a 19.99% owned associated company. This was however offset by lower write back of impairment losses of financial assets.

The investment banking division comprising investment banking, brokerage and asset management activities, recorded a profit before tax of RM26.5 million for the half year ended 31 December 2012 as compared to RM22.8 million in the previous corresponding period, an increase of 16.2%. This was mainly due to higher contribution from investment banking segment offset against higher overheads incurred for fund management and unit trust segment.

The insurance division registered a profit before tax of RM104.4 million for the half year ended 31 December 2012 as compared to RM78.7 million in the previous corresponding period, an increase of 32.7%. This was mainly due to lower overhead expenses, a higher non-interest income and a higher profit contribution from an associated company.

Although the Malaysian economy remains resilient, the global economic environment continues to be weak arising from fundamental issues and challenges in the Euro and US economies. HLFG shall remain vigilant on risks whilst focusing on executing its business and strategic plans.

## REVIEW OF OPERATIONS (Cont'd)

### Update on Privatisation Offer

On 12 December 2012, the Company and GuoLine Overseas Limited (the "Offeror") issued a joint announcement on a voluntary unconditional cash offer by Standard Chartered Bank (Hong Kong) Limited on behalf of the Offeror to acquire all of the issued shares in the share capital of the Company (other than those already held by the Offeror) (the "Privatisation Offer"). In light of the Privatisation Offer, the Company does not intend to declare or pay any dividend or other distribution on the Company's shares during the offer period.

An independent board committee comprising Messrs. Volker Stoeckel and Roderic N. A. Sage was established on 4 December 2012 to advise the minority shareholders on whether the Privatisation Offer is fair and reasonable and whether it should be accepted. Somerley Limited has been appointed by the Company on 2 January 2013 as the independent financial adviser to advise the Company's independent board committee in connection with the Privatisation Offer.

Further details will be provided in the offer document and the response document, which will be despatched to the Company's shareholders on or before 30 April 2013.

### Group Financial Commentary

#### Capital Management

- The Group's consolidated total equity (including non-controlling interests) as at 31 December 2012 amounted to HK\$59.7 billion, an increase of 9% compared to the total equity as at 30 June 2012.
- The Group's consolidated total equity attributable to shareholders of the Company as at 31 December 2012 amounted to HK\$49.0 billion, an increase of HK\$4.8 billion compared to the figure as at 30 June 2012.
- The equity-debt ratio as at 31 December 2012 is as follows:

	HK\$'M
Total borrowings	48,253
Less: Cash and short term funds	(11,601)
Marketable securities	(13,453)
<b>Net debt</b>	<b>23,199</b>
<b>Equity attributable to shareholders of the Company</b>	<b>49,024</b>
<b>Equity-debt ratio</b>	<b>68 : 32</b>

- The Group's total cash balance and marketable securities were mainly in USD (48%), CHF (10%), AUD (9%), SGD (8%), JPY (7%) and HKD (7%).

## REVIEW OF OPERATIONS (Cont'd)

### Group Financial Commentary (Cont'd)

#### Total Borrowings

The increase in total borrowings from HK\$43.8 billion as at 30 June 2012 to HK\$48.3 billion as at 31 December 2012 was primarily due to the issuance of US\$500 million (approximately HK\$3.9 billion) fixed rate bonds under the Group's medium term note programme in August 2012. The Group's total borrowings are mainly denominated in SGD (56%), USD (20%), GBP (7%) and RMB (7%).

The Group's bank loans and other borrowings are repayable as follows:

	Bank loans HK\$'M	Mortgage debenture stock HK\$'M	Other borrowings HK\$'M	Total HK\$'M
Within 1 year or on demand	13,454	–	659	14,113
After 1 year but within 2 years	2,179	–	1,972	4,151
After 2 years but within 5 years	15,374	1,855	11,031	28,260
After 5 years	841	709	179	1,729
	18,394	2,564	13,182	34,140
	31,848	2,564	13,841	48,253

Bank loans, mortgage debenture stock and other borrowings are secured by certain development properties, fixed assets and trading financial assets with an aggregate book value of HK\$40.5 billion.

Committed borrowing facilities available to Group companies not yet drawn as at 31 December 2012 amounted to HK\$12.1 billion.

#### Interest Rate Exposure

The Group's interest rate risk arises from treasury activities and borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. The Group uses interest rate swaps to manage its interest rate exposure as appropriate.

As at 31 December 2012, approximately 66% of the Group's borrowings were at floating rates and the remaining 34% were at fixed rates.

#### Foreign Currency Exposure

The Group from time to time enters into foreign exchange contracts, which are primarily over-the-counter derivatives, principally for hedging foreign currency exposures and investments.

As at 31 December 2012, there were outstanding foreign exchange contracts with a total notional amount of HK\$14.1 billion for hedging of foreign currency equity and bond investments.



## **REVIEW OF OPERATIONS (Cont'd)**

### **Group Financial Commentary (Cont'd)**

#### **Equity Price Exposure**

The Group maintains an investment portfolio which comprises listed and unlisted equities. Equity investments are subject to asset allocation limits.

#### **Contingent Liabilities**

Details are excapsulated in note 17 "Contingent Liabilities" to the Unaudited Interim Financial Report.

## **HUMAN RESOURCES**

The Group employed approximately 13,100 employees as at 31 December 2012. The Group continued to follow a measured approach towards achieving an optimal and efficient size of its workforce and is committed to providing its staff with ongoing development programmes to enhance productivity and work quality.

The remuneration policy for the Group's employees is reviewed on a regular basis. Remuneration packages are structured to take into account the level and composition of pay and general market conditions in the respective countries and businesses in which the Group operates. Bonus and other merit payments are linked to the financial performance of the Group and individual achievement as incentives to optimise performance. Share option schemes for the listed member groups are in place to provide for grant of share options to eligible employees to motivate and reward their contribution as well as to foster loyalty towards the Group.

## **OUTLOOK**

Macroeconomic environment has somewhat improved over the past twelve months. Economic data in the U.S. continues to indicate a gradual pick-up in underlying activity while the risk of a hard landing in China has significantly diminished following better growth in the latter part of 2012. Along with it, there was a smooth leadership change in Beijing. The European economy will stay sluggish but the chance of a major shock is now less likely after a clear commitment by the ECB to provide liquidity and other support to the region. This improved global backdrop will have a positive impact on the Group operations.

Barring any unforeseen circumstances, we are cautiously optimistic that our core businesses, each working on improving performance in its respective field, will collectively contribute towards a better year for the Group.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Code on Corporate Governance Practices

The board of directors (the “Board”) of the Company has adopted a Code of Corporate Governance Practices (the “CGP Code”), which is based on the principles set out in Appendix 14 (the “HKEx Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

During the period, the Company has complied with the HKEx Code, save that non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company and the CGP Code. As such, the Company considers that such provisions are sufficient to meet the intent of the relevant provisions of the HKEx Code.

### Minimum Numbers of Independent Non-executive Directors and Board Audit Committee Members

Following the retirement of Mr Sat Pal Khattar after the conclusion of the annual general meeting on 14 November 2012, the respective number of independent non-executive directors (“INEDs”) and members of the Board Audit Committee (“BAC”) of the Company fell to two, which is below the minimum number of three required under Rules 3.10(1) and 3.21 of the Listing Rules. Pursuant to Rules 3.11 and 3.23 of the Listing Rules, the Board should appoint an INED and a BAC member within 3 months after falling below the requirements (i.e. on or before 13 February 2013). In view of the Privatisation Offer, the Company has applied for, and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has granted, a waiver to the Company from strict compliance with Rules 3.10(1) and 3.21 of the Listing Rules on the respective minimum number of INEDs and BAC members and obtained an extension of time to 3 months after the close / lapse of the Privatisation Offer in the event that the Offeror is unable to / will not exercise the rights of compulsory acquisition under the Companies Act 1981 of Bermuda and the Company will maintain its listing status (i.e. no later than 30 November 2013). Further details have been set out in a separate announcement of the Company dated 20 February 2013.

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the code of conduct regarding directors’ securities transactions.

All directors of the Company, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out in the Model Code throughout the period.

### Update on Director’s Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information on the Company’s director is set out below:

1. Mr Quek Leng Chan, formerly an executive director of GuocoLand Limited (“GuocoLand”, a subsidiary of the Company listed on Singapore Exchange Securities Trading Limited), has been re-designated as the Chairman of GuocoLand with effect from 12 October 2012; and
2. Mr Roderic N. A. Sage has been re-designated as the Chairman of the Board Audit Committee with effect from the conclusion of the Company’s annual general meeting held on 14 November 2012.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Purchase, Sale or Redemption of the Company's Listed Securities

During the period, the Company did not redeem any of its listed securities. Neither did the Company nor any of its other subsidiaries purchase or sell any of the Company's listed securities.

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2012, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were disclosed as follows in accordance with the Listing Rules. Certain information herein is based on additional information of the relevant events on or before 31 December 2012 with the disclosure deadlines under the SFO falling after 31 December 2012.

#### (A) The Company

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of the Company	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	1,056,325	245,225,391	246,281,716	74.85%	Note
Kwek Leng Hai	3,800,775	–	3,800,775	1.16%	
Kwek Leng San	209,120	–	209,120	0.06%	
Tan Lim Heng	566,230	–	566,230	0.17%	

\* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 246,281,716 shares/underlying shares comprised 241,081,716 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted derivatives.

The corporate interests of 245,225,391 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	235,348,529
GuoLine Capital Limited ("GCL")	5,250,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862
Chaghese Limited ("CL")	600,000

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

#### (A) The Company (Cont'd)

Note: (Cont'd)

AFCW was a wholly owned indirect subsidiary of the Company which was in turn 71.52% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). HLCM was 49.27% owned by Mr Quek Leng Chan as to 2.424% under his personal name, 46.534% via HL Holdings Sdn Bhd ("HLH") which was wholly owned by him and 0.311% via Newton (L) Limited ("NLL"). NLL was wholly owned by Newton Capital Group Limited which was 2.424% owned by Mr Quek Leng Chan and 46.534% owned by HLH.

CL was wholly owned by Mr Quek Leng Chan.

#### (B) Associated Corporations

##### a) Hong Leong Company (Malaysia) Berhad ("HLCM")

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLCM	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	390,000	7,537,100	7,927,100	49.27%	Note
Kwek Leng Hai	420,500	–	420,500	2.61%	
Kwek Leng San	117,500	–	117,500	0.73%	

\* Ordinary shares

Note:

The corporate interests of 7,537,100 shares comprised the respective direct interests held by:

	Number of shares
HL Holdings Sdn Bhd ("HLH")	7,487,100
Newton (L) Limited ("NLL")	50,000

The respective controlling shareholders of HLH and NLL as well as their respective percentage control are shown in the Note under Part (A) above.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

#### (B) Associated Corporations (Cont'd)

b) *GuocoLand Limited ("GLL")*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GLL	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	13,333,333	864,170,024	877,503,357	74.15%	Note
Kwek Leng Hai	35,290,914	–	35,290,914	2.98%	
Tan Lim Heng	1,337,777	–	1,337,777	0.11%	
Volker Stoeckel	1,461,333	–	1,461,333	0.12%	

\* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 877,503,357 shares/underlying shares comprised 831,244,363 ordinary shares of GLL and 46,258,994 underlying shares of other unlisted derivatives.

The corporate interests of 864,170,024 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuocoLand Assets Pte Ltd ("GAPL")	772,032,426
GuoLine Capital Limited ("GCL")	46,258,994
Newton (Cayman) Limited ("NCL")	32,461,318
Chaghese Limited ("CL")	13,417,286

GAPL was wholly owned by the Company. The respective controlling shareholders of the Company, CL and GCL as well as their respective percentage control are shown in the Note under Part (A) above.

NCL was wholly owned by Newton Resources Sdn Bhd which was in turn wholly owned by Newton (L) Limited ("NLL"). The controlling shareholders of NLL as well as their respective percentage control are shown in the Note under Part (A) above.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

#### (B) Associated Corporations (Cont'd)

c) *Hong Leong Financial Group Berhad ("HLFG")*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of HLFG	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	4,989,600	856,608,000	861,597,600	81.84%	Note
Kwek Leng Hai	2,316,800	–	2,316,800	0.22%	
Kwek Leng San	600,000	–	600,000	0.06%	
Tan Lim Heng	245,700	–	245,700	0.02%	

\* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 861,597,600 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 36,694,100 underlying shares of other unlisted derivatives.

The corporate interests of 856,608,000 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	546,773,354
Hong Leong Share Registration Services Sdn Bhd ("HLSRS")	3,600
GuoLine Capital Limited ("GCL")	36,694,100
Guoco Assets Sdn Bhd ("GASB")	267,079,946
Soft Portfolio Sdn Bhd ("SPSB")	6,057,000

GASB was 45.45% and 54.55% owned by the Company and GA Investment Limited ("GAIL") respectively. GAIL was wholly owned by the Company. HLSRS was wholly owned by HLCM Capital Sdn Bhd which was in turn 91.58% owned by HLCM.

The respective controlling shareholders of the Company, HLCM and GCL as well as their respective percentage control are shown in the Note under Part (A) above.

SPSB was 99% owned by Mr Quek Leng Chan.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

#### (B) Associated Corporations (Cont'd)

d) *GuocoLand (Malaysia) Berhad ("GLM")*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of GLM	
	Personal interests	Corporate interests	Total interests		

Quek Leng Chan	19,506,780	476,928,096	496,434,876	70.87%	Note
Kwek Leng Hai	226,800	–	226,800	0.03%	
Tan Lim Heng	326,010	–	326,010	0.05%	

\* Ordinary shares

Note:

The total interests of 496,434,876 shares/underlying shares comprised 474,705,376 ordinary shares of GLM and 21,729,500 underlying shares of other unlisted derivatives.

The corporate interests of 476,928,096 shares comprised the respective direct interests held by:

#### Number of shares/underlying shares

GLL (Malaysia) Pte Ltd ("GLLM")	455,130,580
GuoLine Capital Limited ("GCL")	21,797,516

GLLM was wholly owned by GuocoLand Limited which was in turn 65.24% owned by GuocoLand Assets Pte Ltd ("GAPL").

The controlling shareholder of GCL and its percentage control are shown in the Note under Part (A) above.

The controlling shareholder of GAPL and its percentage control are shown in the Note under Part (B)(b) above.

**CORPORATE GOVERNANCE AND OTHER INFORMATION** (Cont'd)**Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures** (Cont'd)**(B) Associated Corporations** (Cont'd)e) *GuocoLeisure Limited ("GL")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of GL	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	735,000	911,676,434	912,411,434	66.69%	Note
Tan Lim Heng	1,100,000	–	1,100,000	0.08%	

\* Ordinary shares

Note:

The corporate interests of 911,676,434 shares comprised the respective direct interests held by:

	Number of shares
GuocoLeisure Assets Limited ("GLAL")	910,261,434
GuoLine Overseas Limited ("GOL")	1,415,000

GLAL was wholly owned by the Company. The respective controlling shareholders of the Company and GOL as well as their respective percentage control are shown in the Note under Part (A) above.

f) *Hong Leong Industries Berhad ("HLI")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLI
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	190,000	–	190,000	0.06%
Kwek Leng San	2,520,000	–	2,520,000	0.79%

\* Ordinary shares



## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

#### (B) Associated Corporations (Cont'd)

g) *Hong Leong Bank Berhad ("HLB")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLB
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	4,750,000	–	4,750,000	0.26%
Kwek Leng San	462,000	–	462,000	0.03%

\* Ordinary shares

h) *Hong Leong Capital Berhad ("HLCB")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of HLCB
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	1,000,000	–	1,000,000	0.41%
Kwek Leng San	119,000	–	119,000	0.05%

\* Ordinary shares

i) *Malaysian Pacific Industries Berhad ("MPI")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of MPI
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	71,250	–	71,250	0.04%
Kwek Leng San	1,260,000	–	1,260,000	0.63%

\* Ordinary shares

**CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)****Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)****(B) Associated Corporations (Cont'd)***j) Narra Industries Berhad ("NIB")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of NIB	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	8,150,200	38,304,000	46,454,200	74.70%	Note

\* Ordinary shares

Note:

The corporate interests of 38,304,000 shares were directly held by Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). HLMG was wholly owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). The controlling shareholders of HLCM and its percentage control are shown in the Note under Part (A) above.

*k) Lam Soon (Hong Kong) Limited ("LSHK")*

Director	Number of *shares (Long Position)			Approx. % of the issued share capital of LSHK
	Personal interests	Corporate interests	Total interests	
Kwek Leng Hai	2,300,000	–	2,300,000	0.95%
Tan Lim Heng	274,000	–	274,000	0.11%

\* Ordinary shares

**(C) Others**

Associated Corporations in which Mr Quek Leng Chan was deemed to be interested solely through his deemed controlling interest in HLCM and/or its subsidiaries

Carsem (M) Sdn Bhd	Hong Leong MSIG Takaful Berhad
Carter Realty Sdn Bhd	Hong Leong Yamaha Motor Sdn Bhd
Century Touch Sdn Bhd	Kwok Wah Hong Flour Company Limited
Guangzhou Lam Soon Food Products Limited	Lam Soon (Hong Kong) Limited
Guocera Tile Industries (Meru) Sdn Bhd	Luck Hock Venture Holdings, Inc.
Guocera Tile Industries (Vietnam) Co., Ltd	Malaysian Pacific Industries Berhad
Hong Leong Assurance Berhad	RZA Logistics Sdn Bhd
Hong Leong Bank Berhad	Southern Steel Berhad
Hong Leong Capital Berhad	Southern Pipe Industry (Malaysia) Sdn Bhd
Hong Leong Industries Berhad	The Rank Group Plc

## **CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)**

### **Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)**

#### **(C) Others (Cont'd)**

The Company applied for and the Stock Exchange granted a waiver from full compliance with the disclosure requirements in respect of details of the deemed interests of Mr Quek Leng Chan in the above associated corporations under Paragraph 13(1) and Paragraph 41(2) of Appendix 16 to the Listing Rules.

Certain directors hold qualifying shares in certain subsidiaries in trust for other subsidiaries of the Company.

Save as disclosed above, as at 31 December 2012, none of the directors of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the directors of the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

### **Share Options**

#### **The Company**

##### *Share Option Plan*

On 16 December 2002, the Company adopted a share option plan (the "Share Option Plan") allowing the grant of options over existing shares of the Company to directors and employees of the group companies and the employees of associated companies.

The Share Option Plan expired on 15 December 2012. No option had ever been granted pursuant to the Share Option Plan since its establishment.

##### *Executive Share Option Scheme*

An executive share option scheme (the "ESOS") was approved by the shareholders of the Company at the special general meeting held on 14 November 2012 and took effect on 16 November 2012 for grant of options over newly issued and/or existing shares of the Company to executives or directors of the Company or any of its subsidiaries from time to time.

No option had ever been granted pursuant to the ESOS up to 31 December 2012.

#### **GuocoLand Limited ("GLL")**

##### *GuocoLand Limited Executives' Share Option Scheme 2008 (the "GLL ESOS 2008")*

The GLL ESOS 2008 was approved by the shareholders of GLL on 17 October 2008 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 21 November 2008. Under the GLL ESOS 2008, options may be granted over newly issued and/or existing shares of GLL to eligible participants including employees and executive directors of GLL and its subsidiaries who are not controlling shareholders of GLL.

**CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)****Share Options (Cont'd)****GuocoLand Limited (“GLL”) (Cont'd)**

*GuocoLand Limited Executives’ Share Option Scheme 2008 (the “GLL ESOS 2008”) (Cont'd)*

As at 1 July 2012, outstanding options granted under the GLL ESOS 2008 comprised 6,148,475 GLL shares. During the six months ended 31 December 2012, no options were granted and no options were exercised nor had any options lapsed. As at 31 December 2012, the number of GLL shares comprised in the outstanding options remained as 6,148,475.

Details of the said options are as follows:

Date of grant	Grantees	No. of GLL shares comprised in options			Exercise price per GLL share
		As at 1 Jul 2012	Exercised/ lapsed during the period	As at 31 Dec 2012	
28 September 2009	Employees	6,148,475	–	6,148,475	Note
	Total:	<u>6,148,475</u>		<u>6,148,475</u>	

Note:

Subject to certain financial and performance targets being met by the grantees during the performance period for the financial years 2009/10 to 2012/13, the grantees may at the end of the performance period be notified by the GLL ESOS Committee of the vesting of the options. Thereafter, grantees shall have a phased period of up to 30 months to exercise the vested options in accordance with the terms of the grant.

**GuocoLeisure Limited (“GL”)**

*The GuocoLeisure Limited Executives’ Share Option Scheme 2008 (the “GL ESOS 2008”)*

The GL ESOS 2008 was approved by the shareholders of GL on 17 October 2008 and further approved by the shareholders of the Company on 21 November 2008 for the purpose of compliance with Chapter 17 of the Listing Rules. The GL ESOS 2008 allows the grant of options over newly issued and/or existing shares of GL to eligible participants including employees and executive directors of GL and its subsidiaries who are not controlling shareholders of GL.

As at 1 July 2012, outstanding options granted under GL ESOS 2008 comprised 210,000 GL shares. During the six months ended 31 December 2012, no options were granted and no options were exercised nor had any options lapsed. As at 31 December 2012, the number of GL shares comprised in the outstanding options granted under the GL ESOS 2008 remained as 210,000.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Share Options (Cont'd)

#### GuocoLeisure Limited ("GL") (Cont'd)

*The GuocoLeisure Limited Executives' Share Option Scheme 2008 (the "GL ESOS 2008") (Cont'd)*

Details of the said options are as follows:

Date of grant	Grantees	No. of GL shares comprised in options			Exercise price per GL share
		As at 1 Jul 2012	Exercised/ lapsed during the period	As at 31 Dec 2012	
16 December 2010	Employees	210,000	–	210,000	Note
	Total:	<u>210,000</u>		<u>210,000</u>	

Note:

The options have a validity period commencing from the date of grant on 16 December 2010 and expiring on 16 March 2014. The options granted are exercisable in tranches during certain periods of between 3 to 6 months from the respective date of vesting, with the last tranche of options exercisable up to and including 16 March 2014.

#### GuocoLand (Malaysia) Berhad ("GLM")

*Executive Share Option Scheme (the "GLM ESOS")*

The GLM ESOS was approved by the shareholders of GLM on 11 October 2011 and further approved by the shareholders of the Company pursuant to Chapter 17 of the Listing Rules on 25 November 2011. Under the GLM ESOS, options may be granted over newly issued and/or existing shares of GLM. The GLM ESOS took effect on 21 March 2012.

Since the establishment up to 31 December 2012, no options had been granted pursuant to the GLM ESOS.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)

### Discloseable Interests and Short Positions of Shareholders

As at 31 December 2012, other than the interests and short positions of the directors of the Company disclosed above, the persons who had interests or short positions in the shares and underlying shares of 5% or more in the Company's issued share capital as recorded in the register maintained by the Company under Section 336 of the SFO are as follows:

Shareholders	Capacity	Number of shares/ underlying shares (Long Position)	Notes	Approx. % of the issued share capital
Hong Leong Company (Malaysia) Berhad ("HLCM")	Interest of controlled corporations	244,625,391	1 & 2	74.34%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	244,625,391	2 & 3	74.34%
Hong Leong Investment Holdings Pte Ltd ("HLInvst")	Interest of controlled corporations	244,625,391	2 & 4	74.34%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	244,625,391	2 & 5	74.34%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	244,625,391	2 & 6	74.34%
First Eagle Investment Management, LLC	Investment Manager	23,042,704		7.00%

Notes:

- These interests comprised 239,425,391 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted cash settled derivatives.

These interests comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	235,348,529
GuoLine Capital Limited ("GCL")	5,250,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862

AFCW was a wholly owned indirect subsidiary of the Company which was in turn 71.52% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION (Cont'd)**

### **Discloseable Interests and Short Positions of Shareholders (Cont'd)**

Notes: (Cont'd)

2. The interests of HLCM, HLH, HLInvst, Davos and KLK are duplicated.
3. HLH was deemed to be interested in these interests through its controlling interests in HLCM which was 49.27% owned by Mr Quek Leng Chan as to 2.424% under his personal name, 46.534% via HLH which was wholly owned by him and 0.311% via Newton (L) Limited.
4. HLInvst was deemed to be interested in these interests through its controlling interests of 34.69% in HLCM.
5. Davos was deemed to be interested in these interests through its controlling interests of 33.59% in HLInvst.
6. KLK was deemed to be interested in these interests through his controlling interests of 41.92% in Davos.

Save as disclosed above, as at 31 December 2012, the Company had not been notified by any person (other than the directors of the Company) who had interests or short positions in the shares or underlying shares of the Company of 5% or more which should be disclosed pursuant to the Part XV of the SFO or as recorded in the register maintained by the Company under Section 336 of the SFO.

## CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2012 – Unaudited

	Note	2012 US\$'000	2011 US\$'000	2012 HK\$'000 (Note 19)	2011 HK\$'000 (Note 19)
Turnover	2 & 3	<b>814,964</b>	1,539,380	<b>6,316,908</b>	11,958,750
Revenue	2 & 3	<b>776,329</b>	727,413	<b>6,017,443</b>	5,650,944
Cost of sales		<b>(400,350)</b>	(365,567)	<b>(3,103,173)</b>	(2,839,926)
Other attributable costs		<b>(14,691)</b>	(11,637)	<b>(113,872)</b>	(90,403)
		<b>361,288</b>	350,209	<b>2,800,398</b>	2,720,615
Other revenue	4(a)	<b>43,334</b>	51,001	<b>335,888</b>	396,204
Other net income/(losses)	4(b)	<b>357,241</b>	(406,227)	<b>2,769,029</b>	(3,155,795)
Administrative and other operating expenses		<b>(323,864)</b>	(300,947)	<b>(2,510,318)</b>	(2,337,922)
Profit/(loss) from operations before finance costs		<b>437,999</b>	(305,964)	<b>3,394,997</b>	(2,376,898)
Finance costs	2(b) & 5(a)	<b>(68,693)</b>	(44,657)	<b>(532,450)</b>	(346,920)
Profit/(loss) from operations	2	<b>369,306</b>	(350,621)	<b>2,862,547</b>	(2,723,818)
Share of profits of associates		<b>67,846</b>	41,823	<b>525,885</b>	324,904
Share of profits less losses of jointly controlled entities		<b>3,246</b>	1,132	<b>25,160</b>	8,794
Profit/(loss) for the period before taxation	2 & 5	<b>440,398</b>	(307,666)	<b>3,413,592</b>	(2,390,120)
Tax expenses	6	<b>(8,177)</b>	(22,299)	<b>(63,381)</b>	(173,231)
Profit/(loss) for the period		<b>432,221</b>	(329,965)	<b>3,350,211</b>	(2,563,351)
Attributable to:					
Shareholders of the Company		<b>431,827</b>	(334,050)	<b>3,347,157</b>	(2,595,086)
Non-controlling interests		<b>394</b>	4,085	<b>3,054</b>	31,735
Profit/(loss) for the period		<b>432,221</b>	(329,965)	<b>3,350,211</b>	(2,563,351)
		<b>US\$</b>	US\$	<b>HK\$</b>	HK\$
Earnings/(loss) per share					
Basic	8	<b>1.33</b>	(1.03)	<b>10.30</b>	(7.98)
Diluted	8	<b>1.33</b>	(1.03)	<b>10.30</b>	(7.98)
		<b>US\$'000</b>	US\$'000	<b>HK\$'000</b>	HK\$'000
Interim dividend	7	<b>-</b>	21,178	<b>-</b>	164,526

The notes on pages 28 to 44 form part of this interim financial report.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2012 – Unaudited

	2012 US\$'000	2011 US\$'000	2012 HK\$'000 (Note 19)	2011 HK\$'000 (Note 19)
<b>Profit/(loss) for the period</b>	<b>432,221</b>	(329,965)	<b>3,350,211</b>	(2,563,351)
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Actuarial gains/(losses) on defined benefit obligation	154	(425)	1,194	(3,302)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	135,873	(62,110)	1,053,172	(482,505)
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	(18,353)	18,250	(142,257)	141,776
Changes in fair value of available-for-sale financial assets	152,172	(161,395)	1,179,508	(1,253,805)
Transfer to profit or loss on disposal of available-for-sale financial assets	-	(93,297)	-	(724,782)
Share of other comprehensive income of associates	48,421	13	375,318	101
	<b>318,113</b>	(298,539)	<b>2,465,741</b>	(2,319,215)
<b>Other comprehensive income for the period, net of tax</b>	<b>318,267</b>	(298,964)	<b>2,466,935</b>	(2,322,517)
<b>Total comprehensive income for the period</b>	<b>750,488</b>	(628,929)	<b>5,817,146</b>	(4,885,868)
Total comprehensive income for the period attributable to:				
Shareholders of the Company	700,399	(611,357)	5,428,899	(4,749,359)
Non-controlling interests	50,089	(17,572)	388,247	(136,509)
	<b>750,488</b>	(628,929)	<b>5,817,146</b>	(4,885,868)

The notes on pages 28 to 44 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000	At 31 December 2012 (Unaudited) HK\$'000 (Note 19)	At 30 June 2012 (Audited) HK\$'000 (Note 19)
<b>NON-CURRENT ASSETS</b>					
Fixed assets	9				
– Investment properties		1,597,317	1,518,898	12,381,044	11,780,345
– Other property, plant and equipment		1,905,899	1,848,341	14,772,909	14,335,456
Interest in associates		801,548	687,929	6,212,919	5,335,474
Interest in jointly controlled entities		118,842	112,518	921,162	872,673
Available-for-sale financial assets		1,642,564	1,489,702	12,731,760	11,553,905
Deferred tax assets		24,845	23,518	192,577	182,402
Intangible assets		989,762	960,052	7,671,794	7,446,019
Goodwill		69,581	68,218	539,333	529,089
		<b>7,150,358</b>	6,709,176	<b>55,423,498</b>	52,035,363
<b>CURRENT ASSETS</b>					
Development properties	10	4,236,772	4,167,580	32,839,855	32,323,125
Properties held for sale		182,619	205,842	1,415,507	1,596,480
Trade and other receivables	11	268,923	395,069	2,084,463	3,064,096
Trading financial assets		1,735,559	1,226,472	13,452,578	9,512,333
Cash and short term funds		1,496,692	1,134,639	11,601,084	8,800,090
		<b>7,920,565</b>	7,129,602	<b>61,393,487</b>	55,296,124
<b>CURRENT LIABILITIES</b>					
Trade and other payables	12	776,592	763,309	6,019,481	5,920,110
Current portion of bank loans and other borrowings	13	1,820,807	1,929,996	14,113,348	14,968,759
Taxation		116,532	132,218	903,257	1,025,463
Provisions and other liabilities		26,988	11,032	209,188	85,563
		<b>2,740,919</b>	2,836,555	<b>21,245,274</b>	21,999,895
<b>NET CURRENT ASSETS</b>		<b>5,179,646</b>	4,293,047	<b>40,148,213</b>	33,296,229
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>12,330,004</b>	11,002,223	<b>95,571,711</b>	85,331,592
<b>NON-CURRENT LIABILITIES</b>					
Non-current portion of bank loans and other borrowings	14	4,404,470	3,723,733	34,139,708	28,880,715
Amount due to non-controlling interests		101,461	93,267	786,439	723,365
Provisions and other liabilities		90,737	93,822	703,316	727,669
Deferred tax liabilities		30,855	29,932	239,162	232,148
		<b>4,627,523</b>	3,940,754	<b>35,868,625</b>	30,563,897
<b>NET ASSETS</b>		<b>7,702,481</b>	7,061,469	<b>59,703,086</b>	54,767,695
<b>CAPITAL AND RESERVES</b>					
Share capital	15	164,526	164,526	1,275,266	1,276,039
Reserves		6,160,190	5,534,157	47,748,557	42,922,092
Equity attributable to shareholders of the Company		<b>6,324,716</b>	5,698,683	<b>49,023,823</b>	44,198,131
Non-controlling interests		1,377,765	1,362,786	10,679,263	10,569,564
<b>TOTAL EQUITY</b>		<b>7,702,481</b>	7,061,469	<b>59,703,086</b>	54,767,695

The notes on pages 28 to 44 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2012 – Unaudited

	Attributable to the Shareholders of the Company												Non-controlling interests	Total Equity	
	Share capital	Share premium	Capital			Share option reserve	Exchange translation reserve	Fair value reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests			Total Equity
			reserves	surplus	ESOP reserve										
At 1 July 2012	164,526	10,493	(65,579)	2,544	(41,073)	3,964	193,167	95,446	9,003	5,326,192	5,698,683	1,362,786	7,061,469		
Profit for the period	-	-	-	-	-	-	-	-	-	431,827	431,827	394	432,221		
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	-	-	(5,118)	-	(25)	136	76,776	(21)	165	-	71,913	63,960	135,873		
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	-	-	-	-	-	-	(2,092)	-	-	-	(2,092)	(16,261)	(18,353)		
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	150,214	-	-	150,214	1,958	152,172		
Actuarial gains on defined benefit obligation	-	-	-	-	-	-	-	-	-	116	116	38	154		
Share of other comprehensive income of associates	-	-	(278)	-	-	-	180	13,289	-	35,230	48,421	-	48,421		
Total comprehensive income for the period	-	-	(5,396)	-	(25)	136	74,864	163,482	165	467,173	700,399	50,089	750,488		
Transfer between reserves	-	-	4,542	-	-	-	-	-	-	(4,542)	-	-	-		
Equity settled share-based transaction	-	-	-	-	-	(1,611)	-	-	-	-	(1,611)	(772)	(2,383)		
Purchase of own shares for share option schemes by a subsidiary	-	-	(1,459)	-	-	-	-	-	-	-	(1,459)	(734)	(2,193)		
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	371	371		
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,975)	(33,975)		
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	(71,296)	(71,296)	-	(71,296)		
At 31 December 2012	164,526	10,493	(67,892)	2,544	(41,098)	2,489	268,031	258,928	9,168	5,717,527	6,324,716	1,377,765	7,702,481		
At 1 July 2011	164,526	10,493	(62,782)	2,544	(40,933)	8,690	231,280	361,194	9,179	5,612,988	6,297,179	1,442,670	7,739,849		
Loss for the period	-	-	-	-	-	-	-	-	-	(334,050)	(334,050)	4,085	(329,965)		
Exchange differences on translation of financial statements of foreign subsidiaries, associates and jointly controlled entities	-	-	5,970	-	(73)	(453)	(25,312)	632	(238)	-	(19,474)	(42,636)	(62,110)		
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	-	-	-	-	-	-	(5,497)	-	-	-	(5,497)	23,747	18,250		
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(158,735)	-	-	(158,735)	(2,660)	(161,395)		
Transfer to profit or loss on disposal of available-for-sale financial assets	-	-	-	-	-	-	-	(93,297)	-	-	(93,297)	-	(93,297)		
Actuarial losses on defined benefit obligation	-	-	-	-	-	-	-	-	-	(317)	(317)	(108)	(425)		
Share of other comprehensive income of associates	-	-	573	-	-	-	505	(1,308)	-	243	13	-	13		
Total comprehensive income for the period	-	-	6,543	-	(73)	(453)	(30,304)	(252,708)	(238)	(334,124)	(611,357)	(17,572)	(628,929)		
Transfer between reserves	-	-	8,458	-	-	-	-	-	-	(8,458)	-	-	-		
Equity settled share-based transaction	-	-	-	-	-	(333)	-	-	-	-	(333)	(273)	(606)		
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	1,124	1,124	(2,794)	(1,670)		
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(30,504)	(30,504)		
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	(91,870)	(91,870)	-	(91,870)		
At 31 December 2011	164,526	10,493	(47,781)	2,544	(41,006)	7,904	200,976	108,486	8,941	5,179,660	5,594,743	1,391,527	6,986,270		

The notes on pages 28 to 44 form part of this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 31 December 2012 – Unaudited

	2012 US\$'000	2011 US\$'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<b>163,544</b>	(395,713)
NET CASH USED IN INVESTING ACTIVITIES	<b>(32,152)</b>	(74,466)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<b>222,631</b>	(484,174)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>354,023</b>	(954,353)
EFFECT OF FOREIGN EXCHANGE RATES	<b>8,212</b>	(4,919)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	<b>690,094</b>	1,710,788
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	<b>1,052,329</b>	751,516
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds in the consolidated statement of financial position	<b>1,496,692</b>	1,143,286
Cash collateral	<b>(444,363)</b>	(391,770)
Cash and cash equivalents in the condensed consolidated statement of cash flows	<b>1,052,329</b>	751,516

The notes on pages 28 to 44 form part of this interim financial report.

## **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

### **1. ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011/12 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012/13 annual financial statements as described below.

The HKICPA has issued certain revised and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), which term collectively includes HKASs and Interpretations, that became effective for the current accounting period of the Group. The adoption of the revised standards, amendments and interpretations had no material impact on the results and financial position of the Group. In addition, the Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income have been effective from 1 July 2012. The Amendments require an entity to present the items of other comprehensive income that may be reclassified to profit or loss in the future if certain conditions are met, separately from those that would never be reclassified to profit or loss. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011/12 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The information in this interim financial report is unaudited and does not constitute statutory financial statements. The financial information relating to the financial year ended 30 June 2012 included in the interim financial report is extracted from the Company’s statutory financial statements. Statutory financial statements for the year ended 30 June 2012 can be obtained on request at the Group Company Secretariat, 50/F The Center, 99 Queen’s Road Central, Hong Kong, or from the Company’s website [www.guoco.com](http://www.guoco.com). The auditors expressed an unqualified opinion on the financial statements in their report dated 30 August 2012.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 2. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately. The following summary describes the operations in each segment:

<b>Segment</b>	<b>Business activities</b>	<b>Operated by</b>
Principal investment:	This segment covers equity and direct investments as well as treasury operations, with trading and strategic investments in global capital markets.	Subsidiaries
Property development and investment:	This segment involves development of residential and commercial properties and holding properties for rental income in the key geographical markets of Singapore, China, Malaysia and Vietnam.	Subsidiaries
Hospitality and leisure business:	This business segment owns, leases or manages hotels and operates gaming businesses in the United Kingdom, Spain and Belgium.	Subsidiaries
Securities, commodities and brokerage:	This segment provides stock and commodities broking and corporate advisory services, principally in Hong Kong.	Subsidiaries
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait oil trust in Australia.	Subsidiary
Financial services:	This segment covers commercial and consumer banking, Islamic banking, investment banking, life and general insurance, Takaful insurance, fund management and unit trust, corporate advisory services and stockbroking.	Associate

Performance is evaluated on the basis of profit or loss from operations before taxation. Inter-segment pricing is determined on an arm's length basis. The Group's measurement methods used to determine reported segment profit or loss remain unchanged from Year 2011/2012.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 2. SEGMENT REPORTING (Cont'd)

Information regarding the Group's reportable segments for the purposes of resource allocation and assessment of segment performance for the period is set out below.

#### (a) Reportable segment revenue and profit or loss (unaudited)

	Principal investment US\$'000	Property development and investment US\$'000	Hospitality and leisure business US\$'000	Securities, commodities and brokerage US\$'000	Oil and gas US\$'000	Financial services US\$'000	Total US\$'000
<b>For the six months ended 31 December 2012</b>							
Turnover	76,841	40,313	695,307	2,503	-	-	814,964
Revenue from external customers	38,206	40,313	695,307	2,503	-	-	776,329
Inter-segment revenue	1,503	488	-	1	-	-	1,992
Reportable segment revenue	39,709	40,801	695,307	2,504	-	-	778,321
Operating profit/(loss)	377,826	(33,310)	72,208	(573)	23,351	-	439,502
Finance costs	(17,882)	(27,507)	(24,411)	(253)	(143)	-	(70,196)
Share of profits of associates	-	3,832	-	-	-	64,014	67,846
Share of profits less losses of jointly controlled entities	-	3,246	-	-	-	-	3,246
Profit/(loss) before taxation	359,944	(53,739)	47,797	(826)	23,208	64,014	440,398
<b>For the six months ended 31 December 2011</b>							
Turnover	845,054	35,897	654,588	3,841	-	-	1,539,380
Revenue from external customers	33,087	35,897	654,588	3,841	-	-	727,413
Inter-segment revenue	27	490	-	883	-	-	1,400
Reportable segment revenue	33,114	36,387	654,588	4,724	-	-	728,813
Operating profit/(loss)	(382,719)	(21,678)	60,432	669	37,359	-	(305,937)
Finance costs	(7,708)	(14,923)	(22,016)	(37)	-	-	(44,684)
Share of profits of associates	-	1,805	-	-	-	40,018	41,823
Share of profits less losses of jointly controlled entities	-	1,132	-	-	-	-	1,132
Profit/(loss) before taxation	(390,427)	(33,664)	38,416	632	37,359	40,018	(307,666)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 2. SEGMENT REPORTING (Cont'd)

#### (b) Reconciliations of reportable segment revenue and finance costs (unaudited)

##### Revenue

	Six months ended 31 December	
	2012	2011
	US\$'000	US\$'000
Reportable segment revenue	<b>778,321</b>	728,813
Elimination of inter-segment revenue	<b>(1,992)</b>	(1,400)
Consolidated revenue (note 3)	<b>776,329</b>	727,413

##### Finance costs

	Six months ended 31 December	
	2012	2011
	US\$'000	US\$'000
Reportable finance costs	<b>(70,196)</b>	(44,684)
Elimination of inter-segment finance costs	<b>1,503</b>	27
Consolidated finance costs (note 5(a))	<b>(68,693)</b>	(44,657)



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 2. SEGMENT REPORTING (Cont'd)

#### (c) Geographical information (unaudited)

The following table illustrates the geographical location of the Group's revenue from external customers and the Group's profit/(loss) from operations. The geographical information is classified by reference to the location of the income generating entities.

	Revenue from external customers		Profit/(loss) from operations	
	Six months ended 31 December		Six months ended 31 December	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
The People's Republic of China				
Hong Kong	<b>41,249</b>	37,568	<b>360,473</b>	(389,127)
Mainland China	<b>5,931</b>	20,893	<b>(49,775)</b>	1,150
United Kingdom and Continental Europe	<b>676,643</b>	637,699	<b>50,771</b>	45,661
Singapore	<b>11,113</b>	14,590	(Note) <b>(10,757)</b>	(40,540)
Australasia and others	<b>41,393</b>	16,663	<b>18,594</b>	32,235
	<b>776,329</b>	727,413	<b>369,306</b>	(350,621)

Note:

In accordance with applicable Hong Kong Financial Reporting Standards, at Group level we have recognised revenue arising from the sale of properties upon completion of development projects instead of the percentage of completion method adopted by GuocoLand Limited ("GuocoLand") for residential projects under progressive payment schemes in Singapore.

GuocoLand has adopted the Singapore Interpretation of Financial Reporting Standard No. 115 Agreements for the Construction of Real Estate and the accompanying practice note issued specifically in the context of the sale of development properties in Singapore. Consequently, GuocoLand continues to adopt the percentage of completion method of revenue recognition for residential projects under progressive payment schemes in Singapore. For residential projects under deferred payment schemes in Singapore and overseas, the revenue and expenses are accounted for under the completion of construction method.

Accordingly, operating profits of GuocoLand for the period amounting to US\$82.1 million (2011: US\$43.0 million) in Singapore have been deferred for recognition in the Group accounts. The Group has not recognised any operating profits of GuocoLand (2011: nil) which have been deferred in previous years in Singapore. Up to 31 December 2012, accumulated operating profits of GuocoLand totalling US\$302.3 million (2011: US\$128.2 million) in Singapore have been deferred for recognition, and will be recognised by the Group upon completion of the relevant development projects in subsequent years.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 3. TURNOVER AND REVENUE

An analysis of the amount of each significant category of turnover and revenue from principal activities during the period is as follows:

	Six months ended 31 December	
	2012 (Unaudited) US\$'000	2011 (Unaudited) US\$'000
Revenue from sale of properties	<b>28,020</b>	22,688
Revenue from hotel and gaming operations	<b>691,133</b>	649,197
Interest income	<b>12,338</b>	10,082
Dividend income from listed securities	<b>32,306</b>	31,887
Rental income from properties	<b>8,588</b>	7,934
Securities commission and brokerage	<b>1,481</b>	2,842
Others	<b>2,463</b>	2,783
Revenue	<b>776,329</b>	727,413
Proceeds from sale of investments in securities	<b>38,635</b>	811,967
Turnover	<b>814,964</b>	1,539,380

### 4. OTHER REVENUE AND NET INCOME/(LOSSES)

#### (a) Other revenue

	Six months ended 31 December	
	2012 (Unaudited) US\$'000	2011 (Unaudited) US\$'000
Sublease income	<b>3,295</b>	4,402
Bass Strait oil and gas royalty	<b>25,618</b>	31,275
Hotel management fee	<b>2,797</b>	5,434
Others	<b>11,624</b>	9,890
	<b>43,334</b>	51,001

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 4. OTHER REVENUE AND NET INCOME/(LOSSES) (Cont'd)

#### (b) Other net income/(losses)

	Six months ended 31 December	
	2012 (Unaudited) US\$'000	2011 (Unaudited) US\$'000
Net realised and unrealised gains/(losses) on trading financial assets	353,509	(459,214)
Net realised and unrealised gains/(losses) on derivative financial instruments	372	(5,602)
Net realised (losses)/gains on disposal of available-for-sale financial assets	(9)	62,947
Net gains on foreign exchange contracts	2,372	1,384
Other exchange gains/(losses)	321	(6,384)
Net losses on disposal of fixed assets	(161)	(93)
Other income	837	735
	<b>357,241</b>	<b>(406,227)</b>

### 5. PROFIT/(LOSS) FOR THE PERIOD BEFORE TAXATION

Profit/(loss) for the period before taxation is arrived at after charging/(crediting):

#### (a) Finance costs

	Six months ended 31 December	
	2012 (Unaudited) US\$'000	2011 (Unaudited) US\$'000
Interest on bank advances and other borrowings wholly repayable within five years	98,562	74,658
Other borrowing costs	20,368	18,440
Total borrowing costs	<b>118,930</b>	93,098
Less: borrowing costs capitalised into:		
– development properties	(34,471)	(38,617)
– investment properties	(13,793)	(9,824)
– property, plant and equipment	(1,973)	–
Total borrowing costs capitalised (Note)	<b>(50,237)</b>	(48,441)
	<b>68,693</b>	44,657

Note:

These borrowing costs have been capitalised at rates of 1.11% to 7.36% per annum (2011: 0.9% to 6.4%).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 5. PROFIT/(LOSS) FOR THE PERIOD BEFORE TAXATION (Cont'd)

#### (b) Staff cost

	Six months ended 31 December	
	2012 (Unaudited) US\$'000	2011 (Unaudited) US\$'000
Salaries, wages and other benefits	<b>220,557</b>	218,684
Retirement scheme contributions	<b>4,211</b>	3,330
Equity settled share-based payment (forfeited)/expensed	<b>(2,252)</b>	2,829
	<b>222,516</b>	224,843

#### (c) Other items

	Six months ended 31 December	
	2012 (Unaudited) US\$'000	2011 (Unaudited) US\$'000
Depreciation	<b>43,832</b>	40,415
Amortisation		
– Bass Strait oil and gas royalty	<b>2,238</b>	2,223
– casino licences and brand name	<b>5,077</b>	4,718
Gross rental income from investment properties	<b>(8,588)</b>	(7,934)
Less: direct outgoings	<b>2,697</b>	1,512
Net rental income	<b>(5,891)</b>	(6,422)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 6. TAX EXPENSES

Tax expenses in the consolidated income statement represent:

	<b>Six months ended 31 December</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Hong Kong Profits Tax	<b>2</b>	(963)
Overseas taxation	<b>(9,006)</b>	(22,250)
Deferred taxation	<b>827</b>	914
	<b>(8,177)</b>	(22,299)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2011: 16.5%) to the profits for the six months ended 31 December 2012. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that would be applicable in the relevant countries.

### 7. DIVIDENDS

	<b>Six months ended 31 December</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Year 2011/2012: Final dividend paid of HK\$1.70 per ordinary share (Year 2010/2011: HK\$2.20 per ordinary share)	<b>71,296</b>	91,870
Year 2012/2013: No interim dividend declared per ordinary share (Year 2011/2012: HK\$0.50 per ordinary share)	-	21,178

No interim dividend is declared for the year ending 30 June 2013. For the year ended 30 June 2012, an interim dividend declared of US\$21,178,000 was calculated based on 329,051,373 ordinary shares in issue as at 31 December 2011.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 8. EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of US\$431,827,000 (2011: loss of US\$334,050,000) and the weighted average number of 325,024,511 ordinary shares (2011: 325,024,511 ordinary shares) in issue during the period.

#### (b) Diluted earnings/(loss) per share

For the period ended 31 December 2012, the diluted earnings per share equals the basic earnings per share as there is no dilutive potential ordinary share outstanding during the period.

For the period ended 31 December 2011, the potential ordinary shares outstanding during the period had an anti-dilutive effect on the basic earnings per share.

### 9. FIXED ASSETS

During the six months ended 31 December 2012, the Group acquired fixed assets with a cost of US\$34,388,000 (six months ended 31 December 2011: US\$73,298,000). The Group disposed of fixed assets with a net book value of US\$647,000 during the six months ended 31 December 2012 (six months ended 31 December 2011: US\$610,000).

### 10. DEVELOPMENT PROPERTIES

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Cost	<b>4,826,216</b>	4,587,604
Less: Impairment loss	<b>(6,740)</b>	(10,699)
Progress instalments received and receivable	<b>(582,704)</b>	(409,325)
	<b>4,236,772</b>	4,167,580

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 11. TRADE AND OTHER RECEIVABLES

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Trade debtors	<b>102,756</b>	218,208
Deposits and prepayments	<b>137,208</b>	170,798
Derivative financial instruments, at fair value	<b>20,224</b>	1,893
Interest receivables	<b>8,735</b>	4,170
	<b>268,923</b>	395,069

Included in trade and other receivables is US\$9.6 million (30 June 2012: US\$8.3 million) which is expected to be recovered after one year.

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Within 1 month	<b>96,550</b>	214,889
1 to 3 months	<b>4,448</b>	1,733
More than 3 months	<b>1,758</b>	1,586
	<b>102,756</b>	218,208

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 12. TRADE AND OTHER PAYABLES

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Trade creditors	75,992	115,099
Other payables and accrued operating expenses	642,700	621,598
Derivative financial instruments, at fair value	40,595	19,891
Amounts due to fellow subsidiaries	16,916	6,377
Amounts due to associates	74	39
Amounts due to jointly controlled entities	315	305
	<b>776,592</b>	763,309

Included in trade and other payables is US\$50.4 million (30 June 2012: US\$54.3 million) which is expected to be payable after one year.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Within 1 month	64,354	101,068
1 to 3 months	3,375	4,469
More than 3 months	8,263	9,562
	<b>75,992</b>	115,099

The amounts due to fellow subsidiaries, associates and jointly controlled entities are unsecured, interest free and have no fixed repayment terms.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 13. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Bank loans		
– Secured	<b>586,072</b>	595,224
– Unsecured	<b>1,149,623</b>	834,464
	<b>1,735,695</b>	1,429,688
Other loans		
– Secured	<b>79,903</b>	440,511
– Unsecured	<b>5,209</b>	4,692
	<b>85,112</b>	445,203
Unsecured medium term notes repayable within 1 year	–	55,105
	<b>1,820,807</b>	1,929,996

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 14. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Bank loans		
– Secured	<b>1,951,838</b>	1,795,352
– Unsecured	<b>421,223</b>	528,209
	<b>2,373,061</b>	2,323,561
Other loans		
– Unsecured	<b>23,656</b>	24,477
Unsecured medium term notes and bonds	<b>1,676,847</b>	1,052,669
Secured mortgage debenture stock	<b>330,906</b>	323,026
	<b>4,404,470</b>	3,723,733

### 15. SHARE CAPITAL

	At 31 December 2012		At 30 June 2012	
	No. of shares (Unaudited) '000	(Unaudited) US\$'000	No. of shares (Audited) '000	(Audited) US\$'000
Authorised:				
Ordinary shares of US\$0.50 each	<b>1,000,000</b>	<b>500,000</b>	1,000,000	500,000
Issued and fully paid	<b>329,051</b>	<b>164,526</b>	329,051	164,526

Note:

As at 31 December 2012, 4,026,862 ordinary shares (30 June 2012: 4,026,862 ordinary shares) were acquired by the Group to reserve for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 16. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Authorised and contracted for	15,248	6,987
Authorised but not contracted for	59,386	64,240
	<b>74,634</b>	71,227

The commitment in respect of development expenditure contracted but not provided for by the Group was US\$1,004.4 million (30 June 2012: US\$1,507.3 million).

### 17. CONTINGENT LIABILITIES

#### (a) GuocoLand

In Beijing, judgements of the legal actions in respect of GuocoLand's Dongzhimen project ("DZM") referred to in the Group's annual report 2012, are pending. As previously stated, GuocoLand is constantly exploring options and opportunities to manage the litigation and its interest in DZM. GuocoLand has from time to time received proposals from third parties concerning GuocoLand's interests in DZM and has engaged in discussions with some of them. So far, there is nothing concrete and the outcome is uncertain.

#### (b) Rank

##### (i) Rank liabilities relating to Fiscal Neutrality Case

In May 2010, Rank received GBP30.8 million (VAT of GBP26.4 million plus interest of GBP4.4 million) relating to a claim for the repayment of overpaid VAT on amusement machines. This claim was heard at the European Court of Justice in 2011 but the decision was not conclusive and part of the appeal was referred back to the UK courts. The case was heard by the Upper Tribunal in June 2012 and a number of specific points have been referred back to the First Tier Tribunal for further consideration. Rank has agreed with HM Revenue & Customs to delay this hearing until another point of dispute in relation to the claim is heard by the Court of Appeal in May 2013.

##### (ii) Other VAT and duty

In previous periods Rank has disclosed contingent liabilities in respect of a limited number of VAT and duty issues. During the period an amount of GBP9.6 million (plus interest) has been provided to cover its best estimate of the expected outflow. However, it remains possible that the ultimate resolution of these issues will vary from the amount provided. Rank's total exposure, including the amount provided, is estimated at approximately GBP27 million (plus interest).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 18. MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Banking transactions

Transactions with companies in the Hong Leong Company (Malaysia) Berhad Group (“HLCM”):

During the period, the Group entered into a number of transactions in the normal course of business with companies in the HLCM group including deposits and correspondent banking transactions. The transactions were priced based on the relevant market rates at the time of each transaction, and were under the same terms as those available to the independent counterparties and customers.

Information relating to interest income from these transactions during the period and balance outstanding at the end of the reporting period is set out below:

#### (i) Income

	Six months ended 31 December	
	2012 (Unaudited) US\$'000	2011 (Unaudited) US\$'000
Interest income	<b>202</b>	42

#### (ii) Balance as

	At 31 December 2012 (Unaudited) US\$'000	At 30 June 2012 (Audited) US\$'000
Cash and short term funds	<b>15,999</b>	19,520

## **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

### **18. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)**

#### **(b) Management fee**

On 4 July 2011, the Company renewed its master services agreement with GOMC Limited ("GOMC") and GuoLine Group Management Co. Limited ("GGMC"), subsidiaries of HLCM, for provision by GOMC or GGMC of management services to the Company and/or its subsidiaries (excluding those subsidiaries which are from time to time incorporated, resident or having principal place of business in Malaysia (the "Malaysian Subsidiaries")), for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to GOMC and GGMC for the period ended 31 December 2012 amounted to US\$3,459,000 (2011: US\$155,000) and US\$11,828,000 (2011: US\$2,537,000) respectively.

On 4 July 2011, the Company renewed its master services agreement with HL Management Co Sdn Bhd ("HLMC"), a subsidiary of HLCM, for the provision of management services to the Malaysian Subsidiaries of the Company for a term of 3 years from 1 July 2011 to 30 June 2014. Total amount paid or provided for in respect of management fees to HLMC for the period ended 31 December 2012 amounted to US\$180,000 (2011: US\$198,000).

### **19. HONG KONG DOLLAR AMOUNTS**

The Hong Kong dollar figures shown in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position are for information only. The Company's functional currency is United States dollar. The Hong Kong dollar figures are translated from United States dollar at the rates ruling at the respective financial period ends.

### **20. REVIEW BY BOARD AUDIT COMMITTEE**

The unaudited interim results for the six months ended 31 December 2012 have been reviewed by the Board Audit Committee of the Company. The information in these interim results does not constitute statutory accounts.