

2013/14

I N T E R I M
R E P O R T



A Member of the Hong Leong Group

(Stock Code: 53)

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CORPORATE INFORMATION

(As at 27 February 2014)

Board of Directors**Chairman**

Quek Leng Chan

Executive DirectorsKwek Leng Hai – *President, CEO*

Tan Lim Heng

Non-executive Director

Kwek Leng San

Independent Non-executive Directors

Volker Stoeckel

Roderic N. A. Sage

David Michael Norman

Board Audit CommitteeRoderic N. A. Sage – *Chairman*

Volker Stoeckel

David Michael Norman

Board Remuneration CommitteeVolker Stoeckel – *Chairman*

Quek Leng Chan

Roderic N. A. Sage

Board Nomination CommitteeQuek Leng Chan – *Chairman*

Volker Stoeckel

Roderic N. A. Sage

Chief Financial Officer

Adam R. Boswick

Company Secretary

Stella Lo Sze Man

Place of Incorporation

Bermuda

Registered Office

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Hamilton HM 12, Bermuda

Principal Office

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Investor Services Limited

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FINANCIAL CALENDAR

Interim results announcement	27 February 2014
Closure of Register of Members for interim dividend	17 March 2014
Proposed payment date of interim dividend of HK\$1.00 per share	25 March 2014

FINANCIAL RESULTS

The unaudited consolidated profit attributable to shareholders for the six months ended 31 December 2013, after taxation and non-controlling interests, amounted to HK\$3,488 million, as compared to HK\$3,347 million for the previous corresponding period. Basic earnings per share amounted to HK\$10.73.

For the six months ended 31 December 2013, the principal investment division posted a net operating profit of HK\$2,684 million.

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

- property development and investment of HK\$794 million;
- contributions from associates and joint ventures of HK\$530 million;
- hospitality and leisure business of HK\$319 million; and
- oil and gas royalty of HK\$159 million.

Revenue increased by 28% to HK\$7.7 billion. The increase was mainly attributable to the increase in revenue derived from the property development and investment sector of HK\$1.0 billion and hospitality and leisure sector of HK\$536 million.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$1.00 per share amounting to approximately HK\$329.1 million (2012/2013 interim dividend: Nil) for the financial year ending 30 June 2014 which will be payable on Tuesday, 25 March 2014 to the shareholders whose names appear on the Register of Members on Monday, 17 March 2014.

REVIEW OF OPERATIONS

Principal Investment

Most equity markets rallied strongly in the six months to December 2013. A major contributing factor remained to be the extremely accommodative monetary policies pursued by major central banks, with the prospect of very low interest rates continuing for an extended period of time. Developed countries continued to out-perform their emerging market peers during the period, with some of them reaching all-time or multi-year highs.

Our strategy remains to focus on investing in fundamentally sound companies that can benefit from various long-term cycle trends that we have identified in markets and sectors. We allocated more effort and resources in analyzing recovery situations that were accompanied with supportive valuation. On the back of strong performance in their prices, the investment portfolio registered a satisfactory total return for the period and we selectively realised profits in some of our positions.

During the period under review, financial markets were volatile over expectations of the timing of USA's Federal Reserve tapering its quantitative easing. Treasury continued to focus on hedging FX exposures of our investment positions. It also capitalised on the interest rate volatility to enhance yields to lower the net interest expense of the Group.

REVIEW OF OPERATIONS (Cont'd)

Property Development and Investment

GuocoLand Limited (“GuocoLand”)

GuocoLand’s profit attributable to equity holders for the half year ended 31 December 2013 was S\$96.6 million, as compared to a profit of S\$21.6 million for the previous corresponding period.

Revenue for the half year ended 31 December 2013 increased by 17% to S\$488.3 million as compared to the previous corresponding period. Higher revenue was mainly due to revenue recognised for Seasons Park in Tianjin, China, on completed units which were handed over to buyers.

Other income increased to S\$116.4 million in the current period from S\$10.7 million in the previous corresponding period largely due to a gain from sale of GuocoLand’s interest in subsidiaries. Other expenses dropped by 79% to S\$1.8 million in the current period as there was no foreign exchange loss recorded. A net foreign exchange gain of S\$5.3 million was recorded in other income for the half year ended 31 December 2013.

Finance costs increased by 38% to S\$47.4 million for the half year ended 31 December 2013 due to higher borrowings and lower capitalisation of interest expenses during the current period.

In Singapore, government cooling measures have impacted sentiments for private residential property, especially the luxury segment. In China, the central government is expected to continue the urbanisation process, loosen control of interest rates and rely more on market dynamics to determine resource allocation. Analysts expect this policy agenda to be supportive of the stable development of China’s property sector. GuocoLand will continue to be alert to the operating environment and will focus on strong execution and delivery of its current projects.

Hospitality and Leisure Business

GuocoLeisure Limited (“GuocoLeisure”)

GuocoLeisure recorded a profit after tax for the half year ended 31 December 2013 of US\$30.0 million, a decrease of 15.0% as compared to US\$35.3 million in the previous corresponding period. The decrease was mainly attributed to higher costs for the on-going transformation and rebranding in the hotel sector and lower income from the Bass Strait oil and gas royalty in Australia.

Revenue stood at US\$214.5 million, which is 5.2% above that of the previous corresponding period. This was mainly due to higher revenue generated from the hotel and property development segments as a result of improved RevPAR and land disposal respectively.

Income from the Bass Strait oil and gas royalty in Australia decreased by 12.5% to US\$22.4 million as compared to US\$25.6 million in the previous corresponding period, principally due to lower average crude oil prices and lower oil and gas production.

REVIEW OF OPERATIONS (Cont'd)

Hospitality and Leisure Business (Cont'd)

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

Macro-economic factors such as increases in corporate spending, suggesting growth in demand from higher paying corporate segments of the demand base, has resulted in accelerating pricing power across GuocoLeisure's London estate. GuocoLeisure expects its London hotels to continue to outperform hotels in other key European cities and UK regional properties alike. February 2014 sees the start of a major refurbishment programme across 5 hotels in its London estate. In the short term, the cost of such refurbishment as well as its re-branding initiative will impact on performance.

In December 2013, GuocoLeisure resolved to delist GuocoLeisure from the Main Board of New Zealand Exchange Limited ("NZSX") with effect from 27 June 2014 as trading in GuocoLeisure shares on the NZSX has been light in recent years. The costs of remaining listed on the NZSX outweigh the benefits of maintaining that listing. The last day on which shareholders will be able to trade GuocoLeisure shares on NZSX is 24 June 2014. Following the delisting date, GuocoLeisure shares may be traded on only the Singapore Exchange, where GuocoLeisure maintains its primary listing.

The Rank Group Plc ("Rank")

Rank registered a reduction in its profit before taxation (before exceptional items and discontinued operations) for the half year ended 31 December 2013 by 22% to GBP28.3 million.

Revenue from continuing operations grew by 16% to GBP352.4 million, following the acquisition of 19 casinos in May 2013 and taxes on gaming machines moving from a sales tax to gaming duty from 1 February 2013. The gaming duty effectively grosses up revenue but has no material impact on overall profitability.

Operating profit before exceptional items of GBP32.7 million was down by 14% as compared to the previous corresponding period. The Grosvenor Casinos brand delivered a good increase in operating profit, including the contribution generated from the 19 acquired casinos. However Rank's London casinos underperformed against a tough comparative period, with win margin down 2.9 percentage points and gaming handle down 6%. Mecca's profits were adversely impacted by an 8% drop in customer visits and increased digital marketing costs on customer acquisition.

Exceptional items and discontinued operations totalling GBP22.9 million comprised a provision for repayment of output VAT following a recent decision by the UK Court of Appeal, further integration costs associated with the Gala Casinos acquisition and direct tax refunds on previously disposed businesses. Rank intends to appeal the Court decision but is likely to have to repay the tax ahead of any appeal.

Despite the challenging start to the year against tough first half comparators, Rank anticipates operating profit in the second half of the financial year, excluding the impact of the acquired casinos, will be broadly in line with the comparable period.

REVIEW OF OPERATIONS (Cont'd)

Financial Services

Hong Leong Financial Group Berhad ("HLFG")

HLFG achieved a profit before tax of RM1,565.8 million for the half year ended 31 December 2013 as compared to RM1,446.1 million in the previous corresponding period, an increase of 8.3%.

The commercial banking division recorded a profit before tax of RM1,362.7 million for the half year ended 31 December 2013, an increase of 6.8% versus the previous corresponding period. The good performance was mainly due to higher net interest income despite a drop in net interest margin, increased share of profit from a joint venture and Bank of Chengdu Co., Ltd (a 19.99% owned associated company), and higher write back of impairment losses. This was however offset by higher allowance for losses on loans, advances and financing coupled with increased operating expenses net of savings, salary increase and new initiatives.

The investment banking division recorded a profit before tax of RM35.4 million for the half year ended 31 December 2013 which compares favourably to RM26.5 million in the previous corresponding period, an increase of 33.6%. This was mainly due to higher contributions from the assets management division.

The insurance division registered a profit before tax of RM167.8 million for the half year ended 31 December 2013, an increase of 60.7% as compared to RM104.4 million in the previous corresponding period. The increase in profit was largely due to lower actuarial reserves arising from higher interest rates. However, share of profits from an associate, MSIG Insurance (Malaysia) Berhad, recorded a decline of RM2.7 million compared to the previous corresponding period.

Although the Malaysian economy remains resilient, there are now greater challenges such as cost push inflation, government subsidy rationalisation and a slowdown in domestic consumption affecting domestic growth. Looking ahead, HLFG remains positive that the core businesses will continue to grow at a sustainable pace and achieve greater cost efficiencies in its enlarged business entities.

REVIEW OF OPERATIONS (Cont'd)

Group Financial Commentary

Capital Management

- The Group's consolidated total equity (including non-controlling interests) as at 31 December 2013 amounted to HK\$68.5 billion, an increase of 10% compared to the total equity as at 30 June 2013.
- The Group's consolidated total equity attributable to shareholders of the Company as at 31 December 2013 amounted to HK\$54.5 billion, an increase of HK\$3.9 billion compared to the figure as at 30 June 2013.
- The equity-debt ratio as at 31 December 2013 is as follows:

	HK\$'M
Total borrowings	50,937
Less: Cash and short term funds	(19,901)
Marketable securities	(12,351)
Net debt	18,685
Equity attributable to shareholders of the Company	54,495
Equity-debt ratio	74:26

- The Group's total cash balance and marketable securities were mainly in USD (36%), RMB (29%), HKD (11%), and GBP (9%).

REVIEW OF OPERATIONS (Cont'd)

Group Financial Commentary (Cont'd)

Total Borrowings

The increase in total borrowings from HK\$50.1 billion as at 30 June 2013 to HK\$50.9 billion as at 31 December 2013 was primarily due to the drawdown of additional bank loans by GuocoLand to support its operating activities. The Group's total borrowings are mainly denominated in SGD (56%), USD (15%), GBP (10%) 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	10,624	1,820	3,915	16,359
After 1 year but within 2 years	5,674	–	3,266	8,940
After 2 years but within 5 years	15,274	–	8,435	23,709
After 5 years	347	749	833	1,929
	21,295	749	12,534	34,578
	31,919	2,569	16,449	50,937

Bank loans, mortgage debenture stock and other borrowings are secured by certain properties, fixed assets and trading financial assets with an aggregate book value of HK\$37.3 billion.

Committed borrowing facilities available to Group companies and not yet drawn as at 31 December 2013 amounted to approximately HK\$11.9 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 2013, approximately 64% of the Group's borrowings were at floating rates and the remaining 36% 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 2013, there were outstanding foreign exchange contracts with a total notional amount of HK\$18.4 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 encapsulated in note 18 “Contingent Liabilities” to the Unaudited Interim Financial Report.

HUMAN RESOURCES

The Group employed approximately 14,800 employees as at 31 December 2013. 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. Share options are granted to eligible employees to incentivise them towards and reward them for achieving the long term performance targets by aligning their interests with those of the shareholders.

OUTLOOK

Looking ahead, markets are likely to remain volatile especially after their runs in the past two years. Operating environment of our core businesses remained challenging. While maintaining a cautiously optimistic view on markets, we continue to exercise prudence in managing the risk of our investment portfolio. We will stay vigilant and our core businesses will continue to focus on execution of their business strategies to achieve satisfactory operating results and sustainable growth.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The board of directors 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.

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.

OTHER INFORMATION

Update on Directors’ Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Company’s directors are set out below:

1. Mr. Quek Leng Chan, formerly the Executive Chairman of the Company, GuocoLand Limited (“GuocoLand”) and GuocoLand (Malaysia) Berhad (“GuocoLand (Malaysia)”), both the Company’s listed subsidiaries, has been re-designated as:
 - a. Chairman of the Company with effect from 19 November 2013;
 - b. Director of GuocoLand with effect from 1 November 2013; and
 - c. Chairman of GuocoLand (Malaysia) with effect from 21 October 2013.
2. Mr. Kwek Leng San resigned as a director of Hong Leong Bank Berhad, the Company’s listed associated company, with effect from 1 January 2014.

Mr. David Michael Norman has been appointed as an independent non-executive director and a member of Board Audit Committee of the Company with effect from 4 July 2013. Upon his appointment, the Company has complied with Rules 3.10(1) and 3.21 of the Listing Rules. A waiver was granted by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to the Company from strict compliance with the aforesaid Listing Rules in view of the privatisation offer earlier.

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 2013, 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 2013 with the disclosure deadlines under the SFO falling after 31 December 2013.

(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	246,351,792	247,408,117	75.19%	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%	
David Michael Norman	4,000	–	4,000	0.00%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 247,408,117 shares/underlying shares comprised 242,208,117 ordinary shares of the Company and 5,200,000 underlying shares of other unlisted derivatives.

The corporate interests of 246,351,792 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	236,524,930
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862
Chaghese Limited ("CL")	600,000

OTHER INFORMATION (Cont'd)**Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)****(A) The Company (Cont'd)**

AFCW was wholly owned by Guoco Management Company Limited which was in turn wholly owned by the Company. The Company was 71.88% 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 controlling shareholders of HLH and NLL as well as their respective percentage control are shown in the Note under Part (A) above.

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
GuoLine International Limited ("GIL")	32,461,318
Chaghese Limited ("CL")	13,417,286

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

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	856,380,500	861,370,100	81.82%	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 861,370,100 shares/underlying shares comprised 824,903,500 ordinary shares of HLFG and 36,466,600 underlying shares of other unlisted derivatives.

The corporate interests of 856,380,500 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")	36,466,600
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 HL Management Co Sdn Bhd which was in turn wholly owned by HLCM.

The 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.

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 unless otherwise specified in the Note

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/underlying 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.

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

OTHER INFORMATION (Cont'd)**Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)****(B) Associated Corporations (Cont'd)**(f) *The Rank Group Plc ("Rank")*

Director	Number of *shares/underlying shares (Long Position)			Approx. % of the issued share capital of Rank	
	Personal interests	Corporate interests	Total interests		
Quek Leng Chan	285,207	270,686,221	270,971,428	69.36%	Note
Kwek Leng Hai	1,026,209	–	1,026,209	0.26%	
Kwek Leng San	56,461	–	56,461	0.01%	
Tan Lim Heng	152,882	–	152,882	0.04%	

* Ordinary shares unless otherwise specified in the Note

Note:

The total interests of 270,971,428 shares/underlying shares comprised 269,567,428 ordinary shares of Rank and 1,404,000 underlying shares of other unlisted derivatives.

The corporate interests of 270,686,221 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	65,830,300
GuoLine Capital Limited ("GCL")	1,404,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	1,087,252
Chaghese Limited ("CL")	162,000
Rank Assets Limited ("RAL")	202,202,669

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

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 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

(h) 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

(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

(j) 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

OTHER INFORMATION (Cont'd)**Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)****(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
(In members' voluntary liquidation)	Lam Soon (Hong Kong) Limited
GLL IHT Pte. Ltd.*	Luck Hock Venture Holdings, Inc.
Guangzhou Lam Soon Food Products Limited	Malaysian Pacific Industries Berhad
Guocera Tile Industries (Meru) Sdn Bhd	Narra Industries Berhad
Hong Leong Assurance Berhad	RZA Logistics Sdn Bhd
Hong Leong Bank Berhad	(In members' voluntary liquidation)
Hong Leong Capital Berhad	Southern Steel Berhad
Hong Leong Industries Berhad	Southern Pipe Industry (Malaysia) Sdn Bhd

* In respect of interests in debentures only

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 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 2013, 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.

OTHER INFORMATION (Cont'd)

SHARE OPTIONS

The Company

Executive Share Option Scheme 2012

An executive share option scheme (the “ESOS 2012”) 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 2012 up to 31 December 2013.

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. The GLL ESOS 2008 allows the grant of options 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 GLL’s controlling shareholders or their associates.

There were no outstanding options at any time during the six months ended 31 December 2013.

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 confirmed employees (including executive directors) of GL and its subsidiaries (the “GL Group”), excluding non-executive directors of GL, directors and employees of associated companies of GL as well as directors and employees of the Company and its subsidiaries (excluding members of the GL Group) and GL’s controlling shareholders or its associates.

As at 1 July 2013, options have been granted under GL ESOS 2008 in respect of 76,005,000 GL shares. Options in respect of 2,500,000 GL shares lapsed during the six months ended 31 December 2013, leaving options outstanding in respect of 73,505,000 GL shares as at 31 December 2013. No options were granted nor exercised during the six months ended 31 December 2013.

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:

Grantees	Date of grant	No. of GL shares comprised in options			As at 31 Dec 2013	Exercise price per GL share
		As at 1 Jul 2013	Granted during the period	Lapsed during the period		
Director						
Premod Paul Thomas	13 May 2013	5,000,000	-	-	5,000,000	\$S0.86
Employees						
Michael DeNoma	13 May 2013	25,000,000	-	-	25,000,000	Notes 1 & 3 \$S0.86
Other employees	16 December 2010	105,000	-	-	105,000	Note 2 \$S0.713
	13 May 2013	45,900,000	-	2,500,000	43,400,000	Note 3 \$S0.86
		76,005,000	-	2,500,000	73,505,000	

Notes:

1. Mr. Michael DeNoma is an option holder under Rule 17.07(ii) of the Listing Rules.
2. The options vested on 17 December 2013 and are exercisable up to and including 16 March 2014.
3. The options that were granted on 13 May 2013 will vest in 2 tranches:
 - i. The first tranche of up to 20% to 35% of the relevant GL shares will vest at the end of the financial year 2015/2016 upon achievement of applicable performance targets.
 - ii. The second tranche of up to 65% to 80% of the relevant GL shares will vest within 3 months from the end of the financial year 2018/2019 upon achievement of applicable performance targets.

Each tranche, once vested, is exercisable as follows:

- a. 40% of that tranche is exercisable within 6 months from vesting date;
- b. 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and
- c. 20% of that tranche is exercisable from the commencement of the 25th month to the end of the 30th month from vesting date.

OTHER INFORMATION (Cont'd)

SHARE OPTIONS (Cont'd)

GuocoLand (Malaysia) Berhad ("GLM")

Executive Share Scheme

The Executive Share Option Scheme of GLM (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. The GLM ESOS which took effect on 21 March 2012 allows the grant of options over newly issued and/or existing shares of GLM to eligible executives and/or directors of GLM and its subsidiaries.

The shareholders of GLM and the Company had subsequently on 21 October 2013 and 19 November 2013 respectively, approved the amendments to the Bye-Laws of the GLM ESOS to incorporate an executive share grant scheme (the "GLM ESGS"). While the GLM ESGS is not subject to Chapter 17 of the Listing Rules, the GLM ESOS remains in compliance with the said Listing Rules. The GLM ESGS together with the GLM ESOS would be renamed as Executive Share Scheme.

Since the establishment up to 31 December 2013, no options had been granted pursuant to the GLM ESOS.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2013, 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	245,751,792	1 & 2	74.68%
HL Holdings Sdn Bhd ("HLH")	Interest of controlled corporations	245,751,792	2 & 3	74.68%
Hong Leong Investment Holdings Pte Ltd ("HLInv")	Interest of controlled corporations	245,751,792	2 & 4	74.68%
Davos Investment Holdings Private Limited ("Davos")	Interest of controlled corporations	245,751,792	2 & 5	74.68%
Kwek Leng Kee ("KLK")	Interest of controlled corporations	245,751,792	2 & 6	74.68%
Elliott Capital Advisors, L.P.	Interest of controlled corporations	29,635,716		9.01%
First Eagle Investment Management, LLC	Investment manager	23,042,704		7.00%

OTHER INFORMATION (Cont'd)**DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS (Cont'd)**

Notes:

1. These interests comprised 240,551,792 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")	236,524,930
GuoLine Capital Limited ("GCL")	5,200,000
Asian Financial Common Wealth (PTC) Limited ("AFCW")	4,026,862

AFCW was wholly owned by Guoco Management Company Limited which was in turn wholly owned by the Company. The Company was 71.88% owned by GOL. GOL and GCL were wholly owned by GuoLine Capital Assets Limited which was in turn wholly owned by HLCM.

2. The interests of HLCM, HLH, HLInv, 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. HLInv 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 HLInv.
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 2013, 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 2013 - Unaudited

	Note	2013 US\$'000	2012 US\$'000	2013 HK\$'000 (Note 20)	2012 HK\$'000 (Note 20)
Turnover	2 & 3	2,150,806	814,964	16,677,565	6,316,908
Revenue	2 & 3	990,092	776,329	7,677,272	6,017,443
Cost of sales		(527,122)	(400,350)	(4,087,357)	(3,103,173)
Other attributable costs		(14,590)	(14,691)	(113,132)	(113,872)
Other revenue	4(a)	448,380	361,288	3,476,783	2,800,398
Other net income	4(b)	33,473	43,334	259,553	335,888
Administrative and other operating expenses		398,203	357,241	3,087,706	2,769,029
		(368,604)	(323,864)	(2,858,192)	(2,510,318)
Profit from operations before finance costs		511,452	437,999	3,965,850	3,394,997
Finance costs	2(b) & 5(a)	(95,114)	(68,693)	(737,523)	(532,450)
Profit from operations	2	416,338	369,306	3,228,327	2,862,547
Share of profits of associates		66,814	67,846	518,082	525,885
Share of profits less losses of joint ventures		1,579	3,246	12,244	25,160
Profit for the period before taxation	2 & 5	484,731	440,398	3,758,653	3,413,592
Tax expenses	6	(3,845)	(8,177)	(29,815)	(63,381)
Profit for the period		480,886	432,221	3,728,838	3,350,211
Attributable to:					
Shareholders of the Company		449,778	431,827	3,487,623	3,347,157
Non-controlling interests		31,108	394	241,215	3,054
Profit for the period		480,886	432,221	3,728,838	3,350,211
Earnings per share		US\$	US\$	HK\$	HK\$
Basic	8	1.38	1.33	10.73	10.30
Diluted	8	1.38	1.33	10.73	10.30
Interim dividend	7	42,436	–	329,051	–

The notes on pages 30 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2013 - Unaudited

	2013 US\$'000	2012 US\$'000	2013 HK\$'000 (Note 20)	2012 HK\$'000 (Note 20)
Profit for the period	480,886	432,221	3,728,838	3,350,211
Other comprehensive income for the period (after tax and reclassification adjustments)				
Items that will not be reclassified to profit or loss:				
Actuarial gains on defined benefit obligation	157	154	1,217	1,194
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	138,717	135,873	1,075,625	1,053,172
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	6,214	(18,353)	48,184	(142,257)
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	(1,019)	–	(7,901)	–
Changes in fair value of available-for-sale financial assets	252,773	152,172	1,960,027	1,179,508
Reclassified to profit or loss on disposal of available-for-sale financial assets	(16,710)	–	(129,571)	–
Release of valuation reserve upon disposal of properties	(17)	–	(132)	–
Share of other comprehensive income of associates	2,781	48,421	21,564	375,318
	382,739	318,113	2,967,796	2,465,741
Other comprehensive income for the period, net of tax	382,896	318,267	2,969,013	2,466,935
Total comprehensive income for the period	863,782	750,488	6,697,851	5,817,146
Total comprehensive income for the period attributable to:				
Shareholders of the Company	788,922	700,399	6,117,379	5,428,899
Non-controlling interests	74,860	50,089	580,472	388,247
	863,782	750,488	6,697,851	5,817,146

The notes on pages 30 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000	At 31 December 2013 (Unaudited) HK\$'000 (Note 20)	At 30 June 2013 (Audited) HK\$'000 (Note 20)
	Note				
NON-CURRENT ASSETS					
Fixed assets	9				
– Investment properties		1,709,739	1,673,137	13,257,487	12,978,189
– Other property, plant and equipment		1,952,067	1,825,517	15,136,523	14,160,170
Interest in associates		867,695	818,825	6,728,194	6,351,462
Interest in joint ventures		103,126	110,907	799,649	860,283
Available-for-sale financial assets		1,808,024	1,577,914	14,019,599	12,239,563
Deferred tax assets		12,353	3,897	95,786	30,228
Intangible assets		1,254,863	1,170,289	9,730,333	9,077,698
Goodwill		169,312	158,176	1,312,862	1,226,940
		7,877,179	7,338,662	61,080,433	56,924,533
CURRENT ASSETS					
Development properties	10	3,661,640	3,976,823	28,392,723	30,847,421
Properties held for sale		680,417	486,886	5,276,021	3,776,677
Trade and other receivables	11	407,082	592,914	3,156,555	4,599,115
Trading financial assets		1,592,871	1,523,887	12,351,281	11,820,487
Cash and short term funds		2,566,465	2,072,946	19,900,626	16,079,428
		8,908,475	8,653,456	69,077,206	67,123,128
CURRENT LIABILITIES					
Trade and other payables	12	963,971	1,045,233	7,474,727	8,107,664
Current portion of bank loans and other borrowings	13	2,109,696	1,790,849	16,358,794	13,891,258
Taxation		113,479	165,515	879,928	1,283,867
Provisions and other liabilities		54,399	30,184	421,815	234,131
		3,241,545	3,031,781	25,135,264	23,516,920
NET CURRENT ASSETS		5,666,930	5,621,675	43,941,942	43,606,208
TOTAL ASSETS LESS CURRENT LIABILITIES		13,544,109	12,960,337	105,022,375	100,530,741

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000	At 31 December 2013 (Unaudited) HK\$'000 (Note 20)	At 30 June 2013 (Audited) HK\$'000 (Note 20)
	Note				
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	14	4,459,369	4,663,774	34,578,393	36,175,962
Amount due to non-controlling interests		110,085	104,032	853,610	806,955
Provisions and other liabilities		84,746	83,009	657,129	643,884
Deferred tax liabilities		60,986	53,994	472,892	418,821
		4,715,186	4,904,809	36,562,024	38,045,622
NET ASSETS					
		8,828,923	8,055,528	68,460,351	62,485,119
CAPITAL AND RESERVES					
Share capital	15	164,526	164,526	1,275,751	1,276,195
Reserves		6,863,398	6,353,397	53,219,474	49,282,030
Equity attributable to shareholders of the Company		7,027,924	6,517,923	54,495,225	50,558,225
Non-controlling interests		1,800,999	1,537,605	13,965,126	11,926,894
TOTAL EQUITY		8,828,923	8,055,528	68,460,351	62,485,119

The notes on pages 30 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013 - Unaudited

Attributable to the Shareholders of the Company

	Share capital US\$'000	Share premium US\$'000	Capital and other reserves US\$'000	Contributed surplus US\$'000	ESOS reserve US\$'000	Share option reserve US\$'000	Exchange translation reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Retained profits US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total Equity US\$'000
At 1 July 2013	164,526	10,493	(31,889)	2,544	(41,068)	(619)	186,483	154,713	8,987	6,063,753	6,517,923	1,537,605	8,055,528
Profit for the period	-	-	-	-	-	-	-	-	-	449,778	449,778	31,108	480,886
Exchange differences on translation of financial statements of foreign subsidiaries, associates and joint ventures	-	-	233	-	(14)	(78)	97,962	46	(7)	-	98,142	40,575	138,717
Exchange differences on monetary items forming part of the net investments in foreign subsidiaries and associates	-	-	-	-	-	-	3,156	-	-	-	3,156	3,058	6,214
Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	-	(1,019)	-	-	-	(1,019)	-	(1,019)
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	252,729	-	-	252,729	44	252,773
Reclassified to profit or loss on disposal of available-for-sale financial assets	-	-	-	-	-	-	-	(16,710)	-	-	(16,710)	-	(16,710)
Release of valuation reserve upon disposal of properties	-	-	-	-	-	-	-	-	(17)	-	(17)	-	(17)
Actuarial gains on defined benefit obligation	-	-	-	-	-	-	-	-	-	82	82	75	157
Share of other comprehensive income of associates	-	-	225	-	-	-	1,196	2,136	-	(776)	2,781	-	2,781
Total comprehensive income for the period	-	-	458	-	(14)	(78)	101,295	238,201	(24)	449,084	788,922	74,860	863,782
Transfer between reserves	-	-	20,926	-	-	-	-	-	-	(20,926)	-	-	-
Equity settled share-based transactions	-	-	-	-	-	32	-	-	-	-	32	(300)	(268)
Purchase of own shares for share option scheme by a subsidiary	-	-	(428)	-	-	-	-	-	-	-	(428)	(215)	(643)
Partial disposal of interest in a subsidiary upon distribution of dividend in specie	-	-	-	-	-	185	(764)	-	-	(5,248)	(5,827)	220,514	214,687
Disposal of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(485)	(485)
Distribution payment for perpetual securities	-	-	-	-	-	-	-	-	-	-	-	(2,535)	(2,535)
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(28,445)	(28,445)
Special interim dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	(209,816)	(209,816)	-	(209,816)
Final dividend paid in respect of the prior year	-	-	-	-	-	-	-	-	-	(62,882)	(62,882)	-	(62,882)
At 31 December 2013	164,526	10,493	(10,933)	2,544	(41,082)	(480)	287,014	392,914	8,963	6,213,965	7,027,924	1,800,999	8,828,923

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2013 - Unaudited

Attributable to the Shareholders of the Company

	Share capital US\$'000	Share premium US\$'000	Capital and other reserves US\$'000	Contributed surplus US\$'000	ESOS reserve US\$'000	Share option reserve US\$'000	Exchange translation reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Retained profits US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total Equity US\$'000
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 joint ventures	-	-	(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 transactions	-	-	-	-	-	(1,611)	-	-	-	-	(1,611)	(772)	(2,383)
Purchase of own shares for share option scheme by a subsidiary	-	-	(1,459)	-	-	-	-	-	-	-	(1,459)	(734)	(2,193)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	371	371
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(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

The notes on pages 30 to 48 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2013 - Unaudited

	2013 US\$'000	2012 US\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	496,249	163,544
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	131,344	(32,152)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(145,197)	222,631
NET INCREASE IN CASH AND CASH EQUIVALENTS	482,396	354,023
EFFECT OF FOREIGN EXCHANGE RATES	9,667	8,212
CASH AND CASH EQUIVALENTS AS AT 1 JULY	1,613,211	690,094
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	2,105,274	1,052,329
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and short term funds in the consolidated statement of financial position	2,566,465	1,496,692
Cash collateral	(461,191)	(444,363)
Cash and cash equivalents in the condensed consolidated statement of cash flows	2,105,274	1,052,329

Cash flows from investing activities

Included in the cash flows from investing activities was a US\$193.5 million proceed from disposal of subsidiaries in respect of the sale of a project located in Nanjing, China completed during the period, resulting in a gain of US\$78.5 million recognised in the other net income in note 4(b) to the financial statements.

The notes on pages 30 to 48 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 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 2012/2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013/2014 annual financial statements as described below.

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments to HKFRSs that are first effective for the current accounting period of the Group. The adoption of the new standards and amendments had no material impact on the results and financial position of the Group. In addition, HKFRS 13, Fair Value Measurement replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance and contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 16 to this interim financial report.

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 2012/2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for the 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 2013 included in the interim financial report is extracted from the Company’s statutory financial statements. Statutory financial statements for the year ended 30 June 2013 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. The auditors expressed an unqualified opinion on the financial statements in their report dated 30 August 2013.

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:

Segment	Business activities	Operated by
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, Vietnam and Hong Kong.	Subsidiaries
Hospitality and leisure business:	This business segment owns, leases or manages hotels and operates gaming business 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 the financial year 2012/2013.

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
For the six months ended 31 December 2013							
Turnover	1,211,985	169,229	764,209	5,383	-	-	2,150,806
Revenue from external customers	51,271	169,229	764,209	5,383	-	-	990,092
Inter-segment revenue	1,565	584	-	180	-	-	2,329
Reportable segment revenue	52,836	169,813	764,209	5,563	-	-	992,421
Operating profit	346,139	102,385	41,113	1,688	20,467	-	511,792
Finance costs	(18,878)	(37,411)	(38,327)	(637)	(201)	-	(95,454)
Share of profits of associates	-	970	-	-	-	65,844	66,814
Share of profits less losses of joint ventures	-	1,579	-	-	-	-	1,579
Profit before taxation	327,261	67,523	2,786	1,051	20,266	65,844	484,731
For the six months ended 31 December 2012							
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 joint ventures	-	3,246	-	-	-	-	3,246
Profit/(loss) before taxation	359,944	(53,739)	47,797	(826)	23,208	64,014	440,398

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	
	2013	2012
	US\$'000	US\$'000
Reportable segment revenue	992,421	778,321
Elimination of inter-segment revenue	(2,329)	(1,992)
Consolidated revenue (note 3)	990,092	776,329

Finance costs

	Six months ended 31 December	
	2013	2012
	US\$'000	US\$'000
Reportable finance costs	(95,454)	(70,196)
Elimination of inter-segment finance costs	340	1,503
Consolidated finance costs (note 5(a))	(95,114)	(68,693)

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		Six months ended	
	31 December		31 December	
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
The People's Republic of China				
Hong Kong	57,001	41,249	330,027	360,473
Mainland China	94,673	5,931	74,778	(49,775)
United Kingdom and Continental Europe	744,977	676,643	6,010	50,771
Singapore	34,417	11,113	(Note) (30,318)	(10,757)
Australasia and others	59,024	41,393	35,841	18,594
	990,092	776,329	416,338	369,306

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\$41.6 million (2012: US\$82.1 million) in Singapore have been deferred for recognition in the Group accounts. The Group has not recognised any operating profits of GuocoLand in Singapore for the period (2012: Nil) which have been deferred in previous years. Up to 31 December 2013, accumulated operating profits of GuocoLand totalling US\$105.4 million (2012: US\$302.3 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	
	2013	2012
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Revenue from sale of properties	154,917	28,020
Revenue from hotel and gaming operations	760,657	691,133
Interest income	19,390	12,338
Dividend income from listed securities	42,305	32,306
Rental income from properties	8,584	8,588
Securities commission and brokerage	2,875	1,481
Others	1,364	2,463
Revenue	990,092	776,329
Proceeds from sale of investments in securities	1,160,714	38,635
Turnover	2,150,806	814,964

4. OTHER REVENUE AND NET INCOME

(a) Other revenue

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Sublease income	2,888	3,295
Bass Strait oil and gas royalty	22,412	25,618
Hotel management fee	3,356	2,797
Others	4,817	11,624
	33,473	43,334

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

(b) Other net income

	Six months ended 31 December	
	2013 (Unaudited) US\$'000	2012 (Unaudited) US\$'000
Net realised and unrealised gains on trading financial assets	290,612	353,509
Net realised and unrealised gains on derivative financial instruments	4,967	372
Net realised gains/(losses) on disposal of available-for-sale financial assets	20,889	(9)
Net gains on foreign exchange contracts	213	2,372
Other exchange gains	2,146	321
Net gains/(losses) on disposal of fixed assets	58	(161)
Gain on disposal of subsidiaries	78,498	–
Other income	820	837
	398,203	357,241

5. PROFIT FOR THE PERIOD BEFORE TAXATION

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

(a) Finance costs

	Six months ended 31 December	
	2013 (Unaudited) US\$'000	2012 (Unaudited) US\$'000
Interest on bank advances and other borrowings wholly repayable within five years	113,535	98,562
Other borrowing costs	20,829	20,368
Total borrowing costs	134,364	118,930
Less: borrowing costs capitalised into:		
– development properties	(21,922)	(34,471)
– investment properties	(15,501)	(13,793)
– property, plant and equipment	(1,827)	(1,973)
Total borrowing costs capitalised (Note)	(39,250)	(50,237)
	95,114	68,693

Note:

These borrowing costs have been capitalised at rates of 1.11% to 7.57% per annum (2012: 1.11% to 7.36%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

(b) Staff cost

	Six months ended 31 December	
	2013 (Unaudited) US\$'000	2012 (Unaudited) US\$'000
Salaries, wages and other benefits	244,573	220,557
Retirement scheme contributions	7,522	4,211
Equity settled share-based payment forfeited	(312)	(2,252)
	251,783	222,516

(c) Other items

	Six months ended 31 December	
	2013 (Unaudited) US\$'000	2012 (Unaudited) US\$'000
Depreciation	45,615	43,832
Amortisation		
– Bass Strait oil and gas royalty	1,961	2,238
– casino licences and brand name	4,926	5,077
Gross rental income from investment properties	(8,584)	(8,588)
Less: direct outgoings	2,850	2,697
Net rental income	(5,734)	(5,891)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

6. TAX EXPENSES

Tax expenses in the consolidated income statement represent:

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Hong Kong Profits Tax	(192)	2
Overseas taxation	(6,433)	(9,006)
Deferred taxation	2,780	827
	(3,845)	(8,177)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2012: 16.5%) to the profits for the six months ended 31 December 2013. 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

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Year 2012/2013:		
Special interim dividend in specie paid of HK\$5.01 per ordinary share (Note) (Year 2011/2012: Nil)	209,816	–
Final dividend paid of HK\$1.50 per ordinary share (Year 2011/2012: HK\$1.70 per ordinary share)	62,882	71,296
	272,698	71,296
Year 2013/2014:		
Interim dividend declared of HK\$1.00 per ordinary share (Year 2012/2013: No interim dividend declared per ordinary share)	42,436	–

Note:

Following the declaration of the special interim dividend in respect of the financial year ended 30 June 2013 on 3 July 2013, the distribution of Rank shares was completed on 5 September 2013 (“settlement date”). Based on the closing price of GBP153.1 per Rank share and the exchange rate on this settlement date, the special interim dividend paid was approximately US\$209.8 million, representing approximately HK\$5.01 per ordinary share.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

7. DIVIDENDS (Cont'd)

The interim dividend declared for the year ending 30 June 2014 of US\$42,436,000 (2013: Nil) is calculated based on 329,051,373 ordinary shares (2012: 329,051,373 ordinary shares) in issue as at 31 December 2013.

The interim dividend declared after the interim period has not been recognised as a liability at the end of the interim reporting period in the accounts.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of US\$449,778,000 (2012: US\$431,827,000) and the weighted average number of 325,024,511 ordinary shares (2012: 325,024,511 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the periods ended 31 December 2013 and 2012 equalled the basic earnings per share as there was no dilutive potential ordinary share outstanding during the period.

9. FIXED ASSETS

During the six months ended 31 December 2013, the Group acquired fixed assets with a cost of US\$52,258,000 (six months ended 31 December 2012: US\$34,388,000). The Group disposed of fixed assets with a net book value of US\$776,000 during the six months ended 31 December 2013 (six months ended 31 December 2012: US\$647,000).

10. DEVELOPMENT PROPERTIES

	At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Cost	4,098,468	4,613,693
Less: Impairment loss	(8,149)	(8,385)
Progress instalments received and receivable	(428,679)	(321,196)
Transfer to properties held for sale	-	(307,289)
	3,661,640	3,976,823

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Trade debtors	248,422	303,082
Accrued receivables for sales consideration not yet billed on completed development properties	–	92,543
Deposits and prepayments	144,816	184,499
Derivative financial instruments, at fair value	9,852	11,908
Interest receivables	3,992	882
	407,082	592,914

Included in trade and other receivables is US\$9.7 million (30 June 2013: US\$8.5 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 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Within 1 month	243,394	298,813
1 to 3 months	3,027	2,112
More than 3 months	2,001	2,157
	248,422	303,082

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

12. TRADE AND OTHER PAYABLES

	At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Trade creditors	95,989	181,722
Other payables and accrued operating expenses	833,654	834,579
Derivative financial instruments, at fair value	13,919	12,168
Amounts due to fellow subsidiaries	20,080	16,426
Amounts due to associates	34	35
Amounts due to joint ventures	295	303
	963,971	1,045,233

Included in trade and other payables is US\$88.1 million (30 June 2013: US\$119.1 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 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Within 1 month	91,026	157,099
1 to 3 months	2,920	15,063
More than 3 months	2,043	9,560
	95,989	181,722

The amounts due to fellow subsidiaries, associates and joint ventures 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 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Bank loans		
– Secured	474,550	538,470
– Unsecured	895,531	975,193
	1,370,081	1,513,663
Other loans		
– Secured	140,000	109,980
– Unsecured	5,498	4,967
	145,498	114,947
Unsecured medium term notes repayable within 1 year	359,415	162,239
Secured mortgage debenture stock repayable within 1 year	234,702	–
	2,109,696	1,790,849

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

	At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Bank loans		
– Secured	1,949,228	1,932,595
– Unsecured	797,121	826,343
	2,746,349	2,758,938
Other loans		
– Unsecured	21,889	19,922
Unsecured medium term notes and bonds	1,594,587	1,575,899
Secured mortgage debenture stock	96,544	309,015
	4,459,369	4,663,774

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. SHARE CAPITAL

	At 31 December 2013		At 30 June 2013	
	No. of shares (Unaudited) '000	(Unaudited) US\$'000	No. of shares (Audited) '000	(Audited) US\$'000
Authorised:				
Ordinary shares of US\$0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid	329,051	164,526	329,051	164,526

Note:

As at 31 December 2013, 4,026,862 ordinary shares (30 June 2013: 4,026,862 ordinary shares) were acquired by the Group to reserve for the executive share option scheme for the purpose of satisfying the exercise of share options to be granted to eligible employees.

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial assets and liabilities measured at fair value (Cont'd)

	At 31 December 2013 (Unaudited)				At 30 June 2013 (Audited)			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Recurring fair value measurements								
Assets								
Available-for-sale equity securities:								
- Listed	1,772,910	-	-	1,772,910	1,542,801	-	-	1,542,801
- Unlisted	-	-	35,114	35,114	-	-	35,113	35,113
Trading equity securities:								
- Listed	1,592,871	-	-	1,592,871	1,508,066	-	-	1,508,066
Trading unit trusts:								
- Unlisted	-	-	-	-	-	15,821	-	15,821
Derivative financial instruments:								
- Interest rate swaps	-	998	-	998	-	-	-	-
- Forward exchange contracts	-	5,651	-	5,651	-	11,605	-	11,605
- Equity options	-	3,203	-	3,203	-	303	-	303
	3,365,781	9,852	35,114	3,410,747	3,050,867	27,729	35,113	3,113,709
Liabilities								
Derivative financial instruments:								
- Interest rate swaps	-	4,517	-	4,517	-	5,359	-	5,359
- Forward exchange contracts	-	9,402	-	9,402	-	6,809	-	6,809
	-	13,919	-	13,919	-	12,168	-	12,168

During the six months ended 31 December 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 31 December 2012: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

The fair value of forward exchange contracts is determined based on quotes from market makers or alternative market participants supported by observable inputs including spot and forward exchange rates. The fair value of derivatives is determined based on the amount that the Group would receive or pay to terminate the contracts with the independent counterparties at the end of the reporting period, taking into account current observable inputs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial assets and liabilities measured at fair value (Cont'd)

The fair value of unlisted available-for-sale equity securities is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors, adjusted for lack of marketability discount. The valuation report provided by the equity partner is reviewed and approved by the management at each of the interim and annual reporting date.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Unlisted available-for-sale equity securities:		
At 1 July	35,113	35,467
Net unrealised losses recognised in other comprehensive income during the period	(9)	(87)
Proceeds from sales	–	(264)
Exchange adjustments	10	(3)
At 31 December/30 June	35,114	35,113
Total gains or losses for the period/year reclassified from consolidated other comprehensive income on disposal	–	122

The gains or losses arising from the disposal of the unlisted available-for-sale equity securities are presented in "other net income" in the consolidated income statement. The net unrealised gains arising from the remeasurement of the unlisted available-for-sale equity securities are recognised in fair value reserve in other comprehensive income.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 30 June 2013.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR

	At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Authorised and contracted for	12,143	13,207
Authorised but not contracted for	22,663	33,562
	34,806	46,769

The commitment in respect of development expenditure contracted but not provided for by the Group was US\$1,446.0 million (30 June 2013: US\$1,512.5 million).

18. 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 2013, are pending. As previously stated, GuocoLand is 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

Rank liabilities relating to Fiscal Neutrality Case

In previous periods, Rank disclosed a contingent liability in respect of a claim for repayment of VAT on amusement machines. In May 2010, Rank received GBP30.8 million (approximately US\$50.9 million) (VAT of GBP26.4 million (approximately US\$43.6 million) plus interest of GBP4.4 million (approximately US\$7.3 million)) in respect of the claim, which has been the subject of on-going litigation. During the period, the Court of Appeal found in favour of HM Revenue & Customs and consequently an amount of GBP26.4 million (approximately US\$43.6 million) has been provided to cover the expected outflow, together with an accrual for interest of GBP7.9 million (approximately US\$13.1 million) (representing the original interest receipt of GBP4.4 million (approximately US\$7.3 million) plus interest since receipt of GBP3.5 million (approximately US\$5.8 million)). Rank has applied for leave to appeal to the Supreme Court, and it therefore remains possible that Rank will not ultimately be liable for these amounts.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19. 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 2013 (Unaudited) US\$'000	2012 (Unaudited) US\$'000
Interest income	634	202

(ii) Balance as

	At 31 December 2013 (Unaudited) US\$'000	At 30 June 2013 (Audited) US\$'000
Cash and short term funds	27,344	23,469

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19. 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 2013 amounted to US\$4,683,000 (2012: US\$3,459,000) and US\$9,629,000 (2012: US\$11,828,000) 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 2013 amounted to US\$347,000 (2012: US\$180,000).

20. 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.

21. REVIEW BY BOARD AUDIT COMMITTEE

The unaudited interim results for the six months ended 31 December 2013 have been reviewed by the Board Audit Committee of the Company. The information in these interim results does not constitute statutory accounts.