



(Company registration no. 201128650E)

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

GLOBAL PREMIUM HOTELS LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED
30 JUNE 2016

1(a)(i) Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Group					
	2Q 2016 S\$'000	2Q 2015 S\$'000	% Change	1H 2016 S\$'000	1H 2015 S\$'000	% Change
Revenue	14,577	14,982	(2.7)	29,126	29,743	(2.1)
Cost of sales	(1,558)	(1,646)	(5.3)	(3,032)	(3,229)	(6.1)
Gross profit	13,019	13,336	(2.4)	26,094	26,514	(1.6)
Other operating income	119	436	(72.7)	828	1,409	(41.2)
Administrative expenses	(7,086)	(6,612)	7.2	(14,164)	(13,395)	5.7
Foreign exchange losses	(144)	(364)	(60.4)	(146)	(1,299)	(88.8)
Finance costs	(2,337)	(2,546)	(8.2)	(4,906)	(4,871)	0.7
Profit before income tax	3,571	4,250	(16.0)	7,706	8,358	(7.8)
Income tax	(840)	(1,092)	(23.1)	(1,616)	(1,983)	(18.5)
Profit for the period	2,731	3,158	(13.5)	6,090	6,375	(4.5)

Other comprehensive income, net of tax:

Items that will not be reclassified
subsequently to profit or loss

Transfer of depreciation on revaluation of
leasehold land and hotel buildings to
revaluation reserve

Items that may be reclassified
subsequently to profit or loss

Exchange differences on translation of
foreign operations

Changes in fair value of derivative
financial instrument

**Other comprehensive income for the
period, net of tax**

**Total comprehensive income for the
period**

1,076	1,079	(0.3)	2,152	2,158	(0.3)
(731)	-	N.M.	(683)	-	N.M.
(41)	(321)	(87.2)	(528)	(321)	64.5
304	758	(59.9)	941	1,837	(48.8)
3,035	3,916	(22.5)	7,031	8,212	(14.4)

1(a)(ii) Profit before income tax is arrived at after charging/(crediting):

	Group					
	2Q 2016 S\$'000	2Q 2015 S\$'000	% Change	1H 2016 S\$'000	1H 2015 S\$'000	% Change
Depreciation and amortisation	1,299	1,270	2.3	2,588	2,563	1.0
Plant and equipment written off	6	1	N.M.	6	42	(85.7)
Finance costs	2,337	2,546	(8.2)	4,906	4,871	0.7
Interest income	(5)	(328)	(98.5)	(11)	(658)	(98.3)
Under provision of income tax in prior years	51	171	(70.2)	51	171	(70.2)
Allowance for doubtful debts, net	-	14	N.M.	-	14	N.M.
(Gain)/loss on disposal of plant and equipment	(1)	-	N.M.	(1)	5	N.M.
Foreign exchange losses	144	364	(60.4)	146	1,299	(88.8)

N.M. – not meaningful

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1(b)(i) Statements of Financial Position as at 30 Jun 2016 vs 31 Dec 2015

	Group			Company		
	30 Jun 2016 S\$'000	31 Dec 2015 S\$'000	% Change	30 Jun 2016 S\$'000	31 Dec 2015 S\$'000	% Change
<u>ASSETS</u>						
Current assets						
Cash and cash equivalents	5,591	5,002	11.8	21	38	(44.7)
Trade receivables ¹	1,282	3,813	(66.4)	-	-	-
Other receivables	2,232	2,132	4.7	5	10	(50.0)
Property held for development	25,680	25,943	(1.0)	-	-	-
Total current assets	34,785	36,890	(5.7)	26	48	(45.8)
Non-current assets						
Property, plant and equipment ²	1,223,580	1,222,486	0.1	-	-	-
Subsidiaries	-	-	-	661,371	664,738	(0.5)
Derivative financial instrument ³	-	189	N.M.	-	-	-
Total non-current assets	1,223,580	1,222,675	0.1	661,371	664,738	(0.5)
Total assets	1,258,365	1,259,565	(0.1)	661,397	664,786	(0.5)
<u>LIABILITIES AND EQUITY</u>						
Current liabilities						
Trade payables	1,486	1,687	(11.9)	-	-	-
Other payables ⁴	4,993	7,394	(32.5)	588	879	(33.1)
Term loans ⁵	200,141	19,801	N.M.	-	-	-
Income tax payable	3,246	3,307	(1.8)	-	-	-
Amount due to subsidiaries	-	-	-	15,350	18,350	(16.3)
Total current liabilities	209,866	32,189	N.M.	15,938	19,229	(17.1)
Non-current liabilities						
Term loans ⁵	276,232	462,458	(40.3)	-	-	-
Deferred tax liabilities	36,383	36,388	N.M.	-	-	-
Other payables	-	-	-	1,066	1,163	(8.3)
Derivative financial instrument ³	323	-	N.M.	-	-	-
Total non-current liabilities	312,938	498,846	(37.3)	1,066	1,163	(8.3)
Capital and reserves						
Share capital	263,692	263,692	-	263,692	263,692	-
Reserves	471,869	464,838	1.5	380,701	380,702	N.M.
Total equity	735,561	728,530	1.0	644,393	644,394	N.M.
Total liabilities and equity	1,258,365	1,259,565	(0.1)	661,397	664,786	(0.5)

N.M. – not meaningful

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Footnotes:

1. Decrease in trade receivables was mainly due to subsequent receipt of GST recoverable of \$2.4 million in 1Q 2016 in relation to our acquisition of a property in Perth, Australia.
2. Increase in property, plant and equipment was mainly due to i) additional costs incurred on Fragrance Hotel – Crystal, Fragrance Hotel – Viva, Fragrance Hotel – Royal and The Fragrance Hotel; and ii) costs incurred on furniture & fittings, office equipment, IT equipment and additional renovation costs, which was partially offset by depreciation of fixed assets during the period.
3. In FY 2015, the Group had entered into an interest rate swap (“IRS”) to swap cash flows for interest payment on borrowings of \$60.5 million from variable rate to fixed rate. Fair value changes on the IRS resulted in financial derivative liabilities of \$0.3 million as at 30 June 2016 and financial derivative assets of \$0.2 million as at 31 December 2015.
4. Decrease in other payables was mainly due to the settlement of stamp duty payable in 2Q 2016 in relation to our acquisition of a property in Perth, Australia and payment made to other creditors in relation to the asset enhancement work for Fragrance Hotel – Crystal.
5. Decrease in term loans was mainly due to repayment of term loans which was partially offset by additional loan drawdown.

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

	Group		Company	
	30 Jun 2016 S\$'000	31 Dec 2015 S\$'000	30 Jun 2016 S\$'000	31 Dec 2015 S\$'000
Secured borrowings				
- Amount repayable within one year ¹	200,141	19,801	-	-
- Amount repayable after one year	276,232	462,458	-	-
(2)	476,373	482,259	-	-

Footnotes:

1. The increase was due to reclassification of certain term loans of \$187.9 million which will be maturing in 1H 2017. The Company is in discussion with respective financial institutions to renew these term loans upon maturity.
2. The decrease in the Group's borrowings as at 30 Jun 2016 was mainly due to repayment of term loans which was partially offset by additional loan drawdown.

Details of collaterals

The credit facilities for the Group are secured by the following:

- i) the legal mortgage of our hotels;
- ii) assignment of rental proceeds, construction contracts, performance bonds (if any), insurance policies and debentures; and
- iii) corporate guarantee by Global Premium Hotels Limited.

1(c) **Consolidated Statement of Cash Flows**

	Group			
	2Q 2016 S\$'000	2Q 2015 S\$'000	1H 2016 S\$'000	1H 2015 S\$'000
Operating activities				
Profit before income tax	3,571	4,250	7,706	8,358
<i>Adjustments for:</i>				
Interest income	(5)	(328)	(11)	(658)
Finance costs	2,337	2,546	4,906	4,871
Depreciation and amortisation	1,299	1,270	2,588	2,563
Plant and equipment written off	6	1	6	42
(Gain)/loss on disposal of plant and equipment	(1)	-	(1)	5
Allowance for doubtful debts, net	-	14	-	14
Operating cash flows before movements in working capital	7,207	7,753	15,194	15,195
Trade receivables	(65)	(46)	2,462	279
Other receivables	29	87	(175)	93
Trade payables	(43)	6	(201)	91
Other payables	(467)	1	(543)	498
Property held for development	(1,500)	-	(1,545)	-
Cash generated from operating activities	5,161	7,801	15,192	16,156
Interest paid ¹	(2,728)	(2,829)	(5,300)	(5,047)
Income tax paid	(1,656)	(1,378)	(1,681)	(2,189)
Net cash from operating activities	777	3,594	8,211	8,920
Investing activities				
Interest received	5	328	11	658
Purchase of property, plant and equipment	(1,423)	(396)	(1,860)	(1,580)
Net cash used in investing activities	(1,418)	(68)	(1,849)	(922)
Financing activities				
Proceeds from term loans	3,000	2,000	4,000	2,000
Repayment of term loans	(5,260)	(15,506)	(9,853)	(20,374)
Dividend paid	-	(5,260)	-	(5,260)
Net cash used in financing activities	(2,260)	(18,766)	(5,853)	(23,634)
Net (decrease)/increase in cash and cash equivalents	(2,901)	(15,240)	509	(15,636)
Cash and cash equivalents at beginning of period	8,418	42,979	5,002	43,375
Effects of currency translation on cash and cash equivalents	74	-	80	-
Cash and cash equivalents at end of period	5,591	27,739	5,591	27,739

Footnote:

1. Interest paid includes interest capitalised under property held for development.

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

Group	Share capital	Revaluation reserve	Merger reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	263,692	903,089	(555,028)	190	-	116,587	728,530
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	3,359	3,359
Other comprehensive income/(loss) for the period	-	1,076	-	(487)	48	-	637
Total	-	1,076	-	(487)	48	3,359	3,996
Balance as at 31 March 2016	263,692	904,165	(555,028)	(297)	48	119,946	732,526
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	2,731	2,731
Other comprehensive income/(loss) for the period	-	1,076	-	(41)	(731)	-	304
Total	-	1,076	-	(41)	(731)	2,731	3,035
Balance as at 30 June 2016	263,692	905,241	(555,028)	(338)	(683)	122,677	735,561
Balance as at 1 January 2015	263,692	903,327	(555,028)	-	-	107,048	719,039
<i>Transactions with owners, recognised directly in equity</i>							
Dividend	-	-	-	-	-	(5,260)	(5,260)
Total	-	-	-	-	-	(5,260)	(5,260)
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	3,217	3,217
Other comprehensive income for the period	-	1,079	-	-	-	-	1,079
Total	-	1,079	-	-	-	3,217	4,296
Balance as at 31 March 2015	263,692	904,406	(555,028)	-	-	105,005	718,075
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	-	3,158	3,158
Other comprehensive income/(loss) for the period	-	1,079	-	(321)	-	-	758
Total	-	1,079	-	(321)	-	3,158	3,916
Balance as at 30 June 2015	263,692	905,485	(555,028)	(321)	-	108,163	721,991

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Company

Balance as at 1 January 2016

Total comprehensive income for the period

Profit for the period

Total

Balance as at 31 March 2016

Total comprehensive income for the period

Loss for the period

Total

Balance as at 30 June 2016

Balance as at 1 January 2015

Transactions with owners, recognised directly in equity

Dividend

Total

Total comprehensive income for the period

Profit for the period

Total

Balance as at 31 March 2015

Total comprehensive income for the period

Profit for the period

Total

Balance as at 30 June 2015

Share capital	Retained earnings	Total
S\$'000	S\$'000	S\$'000
263,692	380,702	644,394
-	30	30
-	30	30
263,692	380,732	644,424
-	(31)	(31)
-	(31)	(31)
263,692	380,701	644,393
263,692	384,407	648,099
-	(5,260)	(5,260)
-	(5,260)	(5,260)
-	126	126
-	126	126
263,692	379,273	642,965
-	1,795	1,795
-	1,795	1,795
263,692	381,068	644,760

1(d)(ii) Details of any changes in the Company's issued Share Capital

As at 1 January 2016 and 30 June 2016

Company	
No of shares	Capital S\$'000
1,052,000,000	263,692

There was no movement in the issued and paid-up capital of the Company since 31 December 2015.

1(d)(iii) Treasury Shares

The Company did not hold any treasury shares as at 30 June 2016 and 31 December 2015.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the period ended 30 June 2016.

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

The figures have not been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what had changed, as well as the reasons for, and the effect of, the change

Please refer to Item 4 above.

6 Earnings per share ("EPS") based on profit after tax & non-controlling interest attributable to the equity holders of the Company

In computing the EPS, the weighted average number of shares as at the end of each period is used for the computation. The diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the period.

	Group			
	2Q 2016	2Q 2015	1H 2016	1H 2015
Weighted average number of shares in issue	1,052,000,000	1,052,000,000	1,052,000,000	1,052,000,000
Earnings per share ("EPS")¹	cents	cents	cents	cents
Based on weighted average number of shares in issue	0.26	0.30	0.58	0.61
Based on fully diluted basis	0.26	0.30	0.58	0.61
Number of shares in issue at end of period	1,052,000,000	1,052,000,000	1,052,000,000	1,052,000,000

Footnote:

1. EPS for the period is calculated based on profit attributable to the equity holders of the Company.

7 Net asset value ("NAV") per share based on the total number of issued shares (excluding treasury shares) as at the end of the period

	Group		Company	
	30 Jun 2016 cents	31 Dec 2015 cents	30 Jun 2016 cents	31 Dec 2015 cents
NAV per share	69.92	69.25	61.25	61.25

The NAV per share as at 30 June 2016 and 31 December 2015 was calculated based on 1,052,000,000 issued shares.

8 **Review of the performance**

2Q 2016 vs 2Q 2015

<u>Group</u>	2Q 2016 S\$'000	2Q 2015 S\$'000	% Change
Hotel room revenue	14,291	14,705	(2.8)
Rental income	286	277	3.2
Total revenue	14,577	14,982	(2.7)
Cost of sales	(1,558)	(1,646)	(5.3)
Gross profit	13,019	13,336	(2.4)
Other operating income	119	436	(72.7)
Administrative expenses	(7,086)	(6,612)	7.2
Foreign exchange losses	(144)	(364)	(60.4)
Finance costs	(2,337)	(2,546)	(8.2)
Profit before income tax	3,571	4,250	(16.0)
Income tax	(840)	(1,092)	(23.1)
Profit for the period	2,731	3,158	(13.5)

Hotel room revenue for 2Q 2016 decreased by \$0.4 million, or 2.8% over 2Q 2015. This was mainly due to lower hotel room revenue recognised from most of the hotels including three hotels which had to close temporarily either fully or floor by floor to facilitate asset enhancement works. The decrease was partially offset by additional contribution from hotels which were completed with asset enhancement works in 2015.

The Group's average occupancy rate ("AOR") decreased from 82.5% in 2Q 2015 to 77.5% in 2Q 2016 and Revenue Per Available Room ("RevPAR") also retreated from \$84.7 in 2Q 2015 to \$82.9 in 2Q 2016.

Rental income for 2Q 2016 increased by 3.2% over 2Q 2015. This was mainly due to additional income earned from a commercial unit in one of our hotel premises.

Cost of sales decreased by \$0.1 million, or 5.3% over 2Q 2015. This was mainly due to savings in utilities and cable services which was partially offset by higher hotel consumables expenses.

Other operating income for 2Q 2016 decreased by \$0.3 million over 2Q 2015. This was mainly due to lower interest income earned from lower interest-bearing cash balances and absence of fixed deposits placed with financial institutions.

Administrative expenses for 2Q 2016 increased by \$0.5 million, or 7.2% over 2Q 2015, mainly due to increase in staff costs, rental of head office, repair and maintenance costs and commission expenses.

The foreign exchange losses of \$0.1 million in 2Q 2016 and \$0.4 million in 2Q 2015 were attributed to our investment in Australia.

Finance costs for 2Q 2016 decreased by \$0.2 million, or 8.2% over 2Q 2015, mainly due to recognition of interest capitalised under property held for development which was partially offset by the higher interest rate on our loans in 2Q 2016.

Income tax for 2Q 2016 decreased by \$0.3 million over 2Q 2015 mainly due to the decrease in profit before tax and recognition of under provision of prior years income tax in 2Q 2015.

1H 2016 vs 1H 2015

Group

	1H 2016	1H 2015	%
	S\$'000	S\$'000	Change
Hotel room revenue	28,558	29,191	(2.2)
Rental income	568	552	2.9
Total revenue	29,126	29,743	(2.1)
Cost of sales	(3,032)	(3,229)	(6.1)
Gross Profit	26,094	26,514	(1.6)
Other operating income	828	1,409	(41.2)
Administrative expenses	(14,164)	(13,395)	5.7
Foreign exchange losses	(146)	(1,299)	(88.8)
Finance costs	(4,906)	(4,871)	0.7
Profit before income tax	7,706	8,358	(7.8)
Income tax	(1,616)	(1,983)	(18.5)
Profit for the period	6,090	6,375	(4.5)

Hotel room revenue for 1H 2016 decreased by \$0.6 million, or 2.2% over 1H 2015. This was mainly due to lower hotel room revenue recognised from most of the hotels including three hotels which had to close temporarily either fully or floor by floor to facilitate asset enhancement works. The decrease was partially offset by additional contribution from hotels which were completed with asset enhancement works in 2015.

The Group's average occupancy rate ("AOR") decreased from 81.0% in 1H 2015 to 76.8% in 1H 2016 and Revenue Per Available Room ("RevPAR") also retreated from \$83.5 in 1H 2015 to \$81.6 in 1H 2016.

Rental income for 1H 2016 increased by 2.9% over 1H 2015. This was mainly due to additional income earned from a commercial unit in one of our hotel premises.

Cost of sales decreased by \$0.2 million, or 6.1% over 1H 2015. This was mainly due to savings in utilities and cable services and lower laundry charges which were partially offset by higher guest meal charges.

Other operating income for 1H 2016 decreased by \$0.6 million over 1H 2015. This was mainly due to lower interest income earned from lower interest-bearing cash balances and absence of fixed deposits placed with financial institutions.

Administrative expenses for 1H 2016 increased by \$0.8 million, or 5.7% over 1H 2015, mainly due to increase in staff costs, rental of head office, repair and maintenance costs and commission expenses.

The foreign exchange losses of \$0.1 million in 1H 2016 and \$1.3 million in 1H 2015 were attributed to our investment in Australia.

Finance costs increased marginally by 0.7%, mainly due to higher interest rate on our loans which was partially offset by recognition of interest capitalised under property held for development in 1H 2016.

Income tax for 1H 2016 decreased by \$0.4 million over 1H 2015 mainly due to the decrease in profit before tax and recognition of under provision of prior years income tax in 1H 2015.

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

The current results are broadly in line with the prospects statement made in the first quarter 2016 financial results announcement.

10 Commentary on the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

International tourist arrivals in Singapore grew 13.3% year-on-year from January to May 2016 compared to the same period last year¹. This was largely due to increase in key source of markets such as China and Indonesia. The good news for the hospitality industry is that more Chinese tourists are visiting Singapore. However, visitor days only grew by 5.4%² due to shorter stay, and hotel room rates are slipping despite the increase in visitor arrivals. The standard average room rates (ARR) at local economy and mid-tier hotels dropped by 2.0% and 0.2% to \$100.1 and \$172.9 per night respectively; while the revenue per available room (RevPAR) dipped by 0.9% and 2.7% to \$78.3 and \$147.8 per night respectively from January to May 2016³.

New hotel room supply remains high with a total of 3,930 hotel rooms⁴ expecting to enter the market in 2016. Competition in the hospitality industry will remain intense as new hotels seek to build their base. Any potential increase in interest costs will also have an impact on the Group's performance.

In 2016, Singapore will host several prominent medical congresses for the first time⁵ and STB has on 25 April 2016 unveiled a medium-term marketing strategy to rally the industry in tackling the increasingly complex tourism landscape⁶. The Government is investing \$700 million over the next five years to boost tourism through strategies that tackle short-term challenges such as uncertainties in the global economy while positioning Singapore for long term growth⁷.

Moving forward, we hope the new events scheduled for the year and the marketing strategies planned by the STB will help attract more visitors from the regional markets.

Footnotes:

1. Source: Estimated according to Singapore Tourism Board ("STB") – International Visitor Arrivals Statistics published on 13 July 2016
2. Source: Singapore Business Review, "Should I stay or should I go: Increasing number of tourists opting for shorter visits," 18 June 2016
3. Source: STB – Hotel Statistics 2016 published on 13 July 2016
4. Source: <http://sbr.com.sg/hotels-tourism/in-focus/tourists-are-finally-back-its-not-yet-time-celebrate-analysts>
5. STB – "Slew of prominent medical congresses in Singapore and Southeast Asia for the first time", 18 December 2015.
6. Source: STB – Of Stories, Fans and Channels: Singapore ups its game in destination marketing with three-pronged strategy, 25 April 2016
7. Source: The Strait Times, "\$700 million to boost tourism over the next five years", 25 April 2016

11 Dividend

11(a) Current Financial Period

Any dividend declared for the current financial period? No.

11(b) Corresponding period of the preceding financial period

Any dividend declared for the corresponding period of the immediate preceding financial period? No.

11(c) Date payable : Not applicable

11(d) Book closure date : Not applicable

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position and the result of business, consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 30 June 2016, to be false or misleading in any material respect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

On behalf of the Board

Mr Koh Wee Meng
Chairman

Ms Ko Lee Meng
Deputy Chairman and CEO

3 August 2016

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