

PAVILLON HOLDINGS LTD

Half-Year Results Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Financial statements for the 6 months ended 30 June 2016

	Group		
	S\$'000	S\$'000	%
	Jan 2016 - June 2016	Jan 2015 - June 2015	Increase/ (Decrease)
Revenue	7,721	9,749	(21)
Other items of income			
Interest income	236	94	>100
Other income	1,637	55	>100
Items of expenses			
Raw materials and changes in stocks	(2,695)	(3,294)	(18)
Personnel costs	(3,587)	(4,597)	(22)
Depreciation expense	(362)	(378)	(4)
Net foreign exchange (loss)/gain	(71)	16	NM
Finance costs	(2)	(2)	-
Other expenses	(1,865)	(2,557)	(27)
Share of results of joint ventures	(65)	-	NM
Profit/(loss) before taxation (Note 1)	947	(914)	NM
Income tax expense (Note 2)	(65)	(83)	(22)
Profit/(loss) after taxation	882	(997)	NM
Other comprehensive income			
Foreign currency translation (loss)/gain	(1,588)	679	NM
Total comprehensive income for the period attributable to owners of the Company	(706)	(318)	>100
Earnings per share attributable to owners of the Company	Cts	Cts	
Basic	0.23	(0.26)	NM
Diluted	0.23	(0.26)	NM

Note 1: Profit before taxation is stated after charging/(crediting) the following:-

	Group		
	S\$'000	S\$'000	%
	Jan 2016 - June 2016	Jan 2015 - June 2015	Increase/ (Decrease)
Gain on disposal of subsidiary companies	(1,482)	-	NM
Interest income	(236)	(94)	>100

Note 2: Taxation

	Group		
	S\$'000	S\$'000	%
	Jan 2016 - June 2016	Jan 2015 - June 2015	Increase/ (Decrease)
Current period	61	83	(27)
Under provision in respect of prior years	4	-	NM
Total	65	83	(22)

NM: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,952	2,320	-	-
Investment in subsidiary companies	-	-	29,682	29,682
Investment in joint ventures	6,299	-	4,319	-
Deposits	-	240	-	-
Trade debtors	6,744	3,953	-	-
Other debtors	47	60	47	60
	15,042	6,573	34,048	29,742
Current assets				
Stocks	1,073	1,292	-	-
Trade debtors	519	1,109	7	18
Other debtors	375	54	338	24
Deposits and prepayments	501	228	33	9
Amounts due from subsidiary companies (trade)	-	-	660	1,368
Amounts due from subsidiary companies (non-trade)	-	-	2,097	1,165
Fixed deposits	19,274	23,696	3,528	5,628
Cash and bank balances	4,650	8,852	714	3,506
Total current assets	26,392	35,231	7,377	11,718
Assets of disposal group classified as held for sale	-	2,983	-	-
Total assets	41,434	44,787	41,425	41,460

EQUITY AND LIABILITIES	Group		Company	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities				
Trade creditors	123	576	-	-
Other creditors and accruals	1,063	1,305	378	572
Provisions	280	190	-	-
Deferred rental income	4	12	-	-
Deferred revenue	52	-	-	-
Income tax payable	14	-	-	-
Total current liabilities	1,536	2,083	378	572
Liabilities directly associated with disposal group classified as held for sale	-	2,000	-	-
Net current assets	24,856	34,131	6,999	11,146
Non-current liabilities				
Deferred tax liabilities	128	128	-	-
Provisions	-	90	-	-
Franchise deposits	100	110	100	110
Total non-current liabilities	228	328	100	110
Total liabilities	1,764	4,411	478	682
Net assets	39,670	40,376	40,947	40,778
Equity attributable to owners of the Company				
Share capital	39,433	39,433	39,433	39,433
Reserve of disposal group classified as held for sale	-	487	-	-
Foreign currency translation reserve	(1,309)	279	-	-
Revenue reserve	1,546	135	1,514	1,345
	39,670	40,334	40,947	40,778
Non-controlling interests	-	42	-	-
Total Equity	39,670	40,376	40,947	40,778
Total Equity and Liabilities	41,434	44,787	41,425	41,460

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

None

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Jan 2016 - June 2016	Jan 2015 - June 2015
	S\$'000	S\$'000
Cash flows from operating activities :		
Profit/(loss) before taxation	947	(914)
Adjustments for :		
Gain on disposal of subsidiary companies	(1,482)	-
Depreciation of property, plant and equipment	362	378
Interest income	(236)	(94)
Share of results of joint ventures	65	-
Foreign currency translation (loss)/gain	(1,449)	593
Operating profit before working capital changes	(1,793)	(37)
(Increase)/decrease in:		
Stocks	219	(117)
Trade debtors	(1,736)	4
Other debtors, deposits and prepayments	(143)	34
Increase/(decrease) in:		
Trade creditors	(453)	120
Other creditors and accruals	(208)	(246)
Cash flows used in operations	(4,114)	(242)
Taxes paid	(51)	(192)
Cash flows used in operating activities	(4,165)	(434)
Cash flows from investing activities		
Interest received	239	93
Purchase of property, plant and equipment	(14)	(5)
Proceeds from disposal of subsidiary companies	1,800	-
Withdrawal of fixed deposits	4,422	-
Investment in joint venture companies	(6,364)	-
Net cash flows generated from investing activities	83	88
Cash flows from financing activities		
Payment of dividends to shareholders	-	-
Net cash flows generated from financing activities	-	-
Net decrease in cash and cash equivalents	(4,082)	(346)
Cash and cash equivalents at beginning of the period	8,852	41,383
Effects of exchange rates on cash and cash equivalents	(120)	72
Cash and cash equivalents at end of the period	4,650	41,109

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Attributable to owners of the Company								
GROUP	Share capital	Reserve fund	Revenue reserve	Foreign currency translation reserve	Reserve of disposal group classified as held for sale	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
2016	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	39,433	-	135	279	487	40,334	42	40,376
Profit for the period	-	-	882	-	-	882	-	882
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	(1,588)	-	(1,588)	-	(1,588)
Total other comprehensive income for the period, net of tax	-	-	-	(1,588)	-	(1,588)	-	(1,588)
Total comprehensive income for the period	-	-	882	(1,588)	-	(706)	-	(706)
<u>Changes in ownership interest in subsidiaries</u>								
Disposal of subsidiaries	-	-	529	-	(487)	42	(42)	-
Total changes in ownership interest in subsidiaries	-	-	529	-	(487)	42	(42)	-
Balance as at 30 June 2016	39,433	-	1,546	(1,309)	-	39,670	-	39,670
2015								
Balance as at 1 January 2015	39,433	684	2,360	(174)	-	42,303	42	42,345
Loss for the period	-	-	(997)	-	-	(997)	-	(997)
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	-	679	-	679	-	679
Total other comprehensive income for the period, net of tax	-	-	-	679	-	679	-	679
Total comprehensive income for the period	-	-	(997)	679	-	(318)	-	(318)
<u>Contributions by and distributions to owners</u>								
Share placement proceeds	-	-	-	-	-	-	-	-
Total changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-
Balance as at 30 June 2015	39,433	684	1,363	505	-	41,985	42	42,027

COMPANY	Share capital	Revenue	Total
2016	S\$'000	reserve	equity
		S\$'000	S\$'000
Balance as at 1 January 2016	39,433	1,345	40,778
Profit for the period, representing total comprehensive income for the period	-	169	169
Balance as at 30 June 2016	39,433	1,514	40,947
2015			
Balance as at 1 January 2015	39,433	2,829	42,262
Loss for the period, representing total comprehensive income for the period	-	(874)	(874)
Balance as at 30 June 2015	39,433	1,955	41,388

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	30/06/2016		30/06/2015	
Issued Share Capital	No. of shares	Capital S\$	No. of shares	Capital S\$
Balance as at beginning of the period	387,748,700	39,433,461	387,748,700	39,433,461
Balance as at end of the period	<u>387,748,700</u>	<u>39,433,461</u>	<u>387,748,700</u>	<u>39,433,461</u>

There is no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30/06/2016	30/06/2015
Balance as at beginning of the period	387,748,700	387,748,700
Balance as at end of the period	387,748,700	387,748,700

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.

	30/06/2016	30/06/2015
Balance as at beginning and end of the period	-	-

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

The figures have neither been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' 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 recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as compared to the audited financial statements as at 31 December 2015, except that the Group has adopted new Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 January 2016.

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

Please refer to item 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group	
	Jan 2016 - June 2016	Jan 2015 - June 2015
Profit per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares on issue	0.23 cts	-0.26 cts
(ii) On a fully diluted basis (To disclose the basis used in arriving at the weighted average number of shares for the purposes of (6)(i) above and to provide details of any adjustments made for the purpose of (6)(ii) above)	0.23 cts	-0.26 cts

Note to 6(i) and 6 (ii)

Basic and fully diluted earnings per share is calculated by dividing the Group's net profit attributable to equity holders of the Company amounting to S\$882k (2015: -S\$997k) by the weighted average number of ordinary shares in issue as at 30 June 2016 of 387,748,700 (2015: 387,748,700) shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 30/6/2016	As at 31/12/2015	As at 30/6/2016	As at 31/12/2015
Net asset value per ordinary share	10.23 cts	10.41 cts	10.56 cts	10.52 cts

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover and earnings

Total revenue of the Group decreased by approximately S\$2.0m mainly due to loss of sales of approximately S\$2.7m as a result of disposal of 2 restaurants in Shanghai, PRC at the beginning of the financial period. This was partially offset by increase in restaurant sales in Singapore of approximately S\$0.3m and financial leasing income of approximately S\$0.4m. Interest income increased by approximately S\$0.2m due to higher interest rates. Other income increased by approximately S\$1.6m mainly due to gain on disposal of subsidiary companies of approximately S\$1.5m and Employment Credit received from the government of approximately S\$0.1m.

Gross profit margin decreased slightly to 65% mainly due to increase in raw material costs and higher sales discounts given during the period. Loss after taxation of S\$1.0m in the previous year turned into profit after taxation of S\$0.9m as a result of gain on disposal of subsidiaries arising during the period. Share of results of joint ventures of approximately S\$0.1m arose from a joint venture company in leasing business which has yet to commence business.

Group's operating expenses

Raw material expenses decreased by approximately S\$ 0.6m mainly due to lower sales achieved during the financial period. Personnel costs, depreciation charges and other expenses decreased by approximately S\$1.7m mainly due to disposal of 2 restaurants in the PRC during the period. Foreign exchange loss arose as a result of a weaker RMB as at end of the period.

Singapore

Revenue from Singapore restaurant operations increased by approximately S\$0.3m as compared to the previous period mainly due to promotional activities carried out during the financial period.

People's Republic of China

Turnover from the PRC decreased by approximately S\$2.3m mainly due to disposal of 2 restaurants in Shanghai which was partially offset by commencement of financial leasing business. We have ceased direct operations of restaurants in the PRC except through franchise arrangements.

Franchise operations

Franchise income for the period increased by approximately S\$21k from S\$58k to S\$79k mainly due to both the restaurants disposed of during the period becoming franchisees of the Group. This was partially offset by closure of the franchise outlet in Indonesia. The Group now has two franchise outlets in Vietnam and another two in the PRC .

Balance sheet

Property, plant and equipment decreased by approximately S\$0.4m mainly due to depreciation charges for the period. Investments of approximately S\$6.3m were made in two separate joint venture companies. One of them is in the business of financial leasing and the other is in the business of providing online and offline trading platform for cultural assets. Trade debtors increased by approximately S\$2.2m mainly due to new financial leasing transactions. Stocks decreased by approximately S\$0.2m while trade creditors and other creditors & accruals decreased by approximately S\$0.7m mainly due to disposal of the 2 restaurants in Shanghai during the financial period.

Foreign currency translation reserve decreased by approximately S\$1.6m mainly due to weakening of the RMB against SGD as compared to the beginning of the financial period.

Group's cash flows

Cash flows used in operating activities increased by approximately S\$3.7m as compared to the previous period mainly due to increase in trade debtors of approximately S\$1.7m and non-cash adjustment, foreign currency translation difference of approximately S\$2.0m. The foreign currency translation difference was mainly due to a weaker RMB against SGD as at the end of the current financial period. Net cash flows generated from investing activities remained at approximately S\$0.1m.

Share placement proceeds utilisation

	S\$'000	S\$'000
Share placement proceeds		24,840
Amount utilised:		
Purchase of equipment for lessees	(9,040)	
Operating expenses of leasing business	(514)	
Funds injected into a joint venture company in leasing business	(4,319)	(13,873)
Unutilised placement proceeds as at 30 June 2016		<u>10,967</u>

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. The company did not provide a prospect statement previously.

10. A commentary at the date of the announcement of 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.

The F&B industry in Singapore remains competitive and challenging. Management is working towards growing its financial leasing business and developing other businesses in the region.

11. Dividend

(a) Whether an interim dividend has been declared (recommended).

No dividend has been declared or proposed for the current financial period reported on.

(b) (i) Amount per share: Not applicable

(ii) Previous corresponding period: None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated.)

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which the Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for Interested Party Transaction ("IPT"), 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 Company and the Group do not have any general mandate from shareholders pursuant to Rule 920.

14. Negative confirmation pursuant to Rule 705(5).

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the half year ended 30 June 2016 of the Group and the Company to be false or misleading in any material aspects.

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

BY ORDER OF THE BOARD

John Chen Seow Phun

Executive Chairman

05-Aug-16