

Unaudited Financial Statement for the Period Ended 30 June 2014

PART I - Information required for announcements of quarterly (Q1, Q2 & Q3), half year and full year results

1 (a) An income statement for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Consolidated Income Statement for the Period Ended 30 June 2014:

	Note	Quarter Ended 30 June			Half Year Ended 30 June		
		2014 S\$'000	2013 S\$'000	% Change	2014 S\$'000	2013 S\$'000	% Change
Revenue							
Hotel operations and management		33,921	33,347	2%	69,502	69,944	-1%
Rental income from investment properties	1	2,635	1,379	91%	5,199	2,755	89%
Total revenue		36,556	34,726	5%	74,701	72,699	3%
Other income	2	70	52	35%	1,142	108	957%
		36,626	34,778	5%	75,843	72,807	4%
Costs and expenses							
Staff costs		(12,837)	(11,982)	7%	(24,859)	(24,112)	3%
Depreciation and amortisation		(4,722)	(4,485)	5%	(9,186)	(9,336)	-2%
Hotel operating expenses		(13,570)	(13,502)	1%	(27,693)	(27,135)	2%
Total costs and expenses		(31,129)	(29,969)	4%	(61,738)	(60,583)	2%
Profit from operating activities		5,497	4,809	14%	14,105	12,224	15%
Interest expense		(709)	(555)	28%	(1,393)	(1,186)	17%
Interest income		1,115	1,170	-5%	1,990	2,336	-15%
Foreign exchange gain/(loss)	3	430	(8,568)	n/m	3,252	(5,993)	n/m
Share of results of associates		115	336	-66%	105	449	-77%
Profit/(loss) before tax		6,448	(2,808)	n/m	18,059	7,830	131%
Income tax expense		(1,776)	(2,154)	-18%	(3,521)	(4,535)	-22%
Net profit/(loss) attributable to owners of the parent		4,672	(4,962)	n/m	14,538	3,295	341%

n/m = Not meaningful

1 (a)(ii) Notes to the Income Statement

Note 1 Rental income increased due to the rental contribution (2013 - \$Nil) from 300 Flinders Street, Melbourne which was purchased in Q4 2013.

Note 2 Other income included gain on disposal of the Penang hotel of \$1.05 million in Q1 2014.

Note 3 The unrealized foreign exchange gain for the period ended 30 June 2014 was mainly due to the translation of Australian and New Zealand dollar fixed deposits at higher exchange rates vis a vis the Singapore dollar between 30 June 2014 and 31 March 2014.

1 (a)(iii) Consolidated Statement of Comprehensive Income for the Period Ended 30 June 2014

	Quarter Ended 30 June				Half Year Ended 30 June		
	2014 S\$'000	2013 S\$'000	% Change		2014 S\$'000	2013 S\$'000	% Change
Profit/(loss) net of tax	4,672	(4,962)	-194%		14,538	3,295	341%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
Net fair value changes on available for sale quoted investments	35	(181)	-119%		(129)	81	-259%
Foreign currency translation	2,655	(33,867)	-108%		16,667	(23,805)	-170%
Other comprehensive income, net of tax	2,690	(34,048)	-108%		16,538	(23,724)	-170%
Total comprehensive income	7,362	(39,010)	-119%		31,076	(20,429)	-252%
Total comprehensive income attributable to:							
Owners of the parent	7,362	(39,010)	-119%		31,076	(20,429)	-252%
	7,362	(39,010)	-119%		31,076	(20,429)	-252%

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

Statements of Financial Position as at 30 June 2014

Statements of Financial Position as at 30 June 2014		Group		Company	
		30-Jun-14 S\$'000	31-Dec-13 S\$'000	30-Jun-14 S\$'000	31-Dec-13 S\$'000
Note					
Non-current assets					
Property, plant and equipment	1	659,587	837,705	109,947	105,549
Investment properties	2	115,901	103,631	-	-
Land use rights		1,270	1,341	-	-
Investment in subsidiaries		-	-	228,374	266,374
Investment in associates		27,207	27,907	17,498	17,498
Investment securities		3,924	3,935	3,924	3,935
Other receivables		1,467	1,467	-	-
Deferred tax assets		4,400	4,229	-	-
Goodwill		3,118	2,981	-	-
Intangible Assets		98	93	-	-
		<u>816,972</u>	<u>983,289</u>	<u>359,743</u>	<u>393,356</u>
Current assets					
Inventories		934	936	9	9
Trade and other receivables		6,898	9,128	436	399
Prepaid operating expenses		3,311	2,110	52	54
Property held for sale	3	-	15,932	-	-
Due from subsidiaries		-	-	388	449
Fixed deposits	4	127,320	109,275	82,798	75,700
Cash and bank balances		22,997	22,747	1,688	1,476
		<u>161,460</u>	<u>160,128</u>	<u>85,371</u>	<u>78,087</u>
Assets of disposal group held for sale	5	200,637	-	38,000	-
		<u>362,097</u>	<u>160,128</u>	<u>123,371</u>	<u>78,087</u>
Current liabilities					
Trade and other payables		14,109	18,517	854	693
Accrued operating expenses		2,281	2,175	369	677
Deferred income		571	452	-	-
Derivatives		75	70	75	70
Due to subsidiaries		-	-	2,790	2,709
Due to associated companies		221	232	-	80
Income tax payable		3,793	4,244	243	215
Lease obligation		11	10	-	-
Bank term loans	6	4,340	7,163	-	-
Short term bank loans, secured	7	23,300	14,150	-	-
		<u>48,701</u>	<u>47,013</u>	<u>4,331</u>	<u>4,444</u>
Liabilities of disposal group held for sale	5	75,664	-	-	-
		<u>124,365</u>	<u>47,013</u>	<u>4,331</u>	<u>4,444</u>
Net current assets		237,732	113,115	119,040	73,643
Non-current liabilities					
Lease obligations		16	20	-	-
Bank term loans	8	79,735	131,677	31,600	26,850
Deferred tax liabilities	6	91,408	108,910	-	-
Net assets		883,545	855,797	447,183	440,149
Equity attributable to owners of the parent					
Issued capital	9	369,764	343,260	369,764	343,260
Fair value reserve		723	852	723	852
Asset revaluation reserve	6	279,489	372,764	69,325	69,325
Translation reserve		(23,080)	(39,747)	-	-
Other reserve		1,432	1,432	-	-
Reserve of disposal group held for sale	6	83,018	-	-	-
Retained earnings		172,199	177,236	7,371	26,712
Total equity		883,545	855,797	447,183	440,149

1 (b)(ii) Notes to the Statements of Financial Position

- Note 1 The decrease in the property, plant and equipment was principally due to the reclassification of the property, plant and equipment relating to Hotel Grand Chancellor Pte Ltd ("HGCPL") to assets of disposal group held for sale (see Note 5 below). In addition, the land and development expenses relating to the Christchurch development has also been reclassified to investment property.
- Note 2 Investment properties increased mainly due to the higher exchange rates of the Australian and New Zealand dollar and the reclassification of the land and development expenses relating to the Christchurch development from property, plant and equipment. (see Note 1 above)
- Note 3 The property held for sale relates to Hotel Grand Continental, Penang. The sale of the Penang hotel was completed on 14 February 2014.
- Note 4 The increase in the fixed deposits was mainly due to the placement of the sale proceeds of the Penang hotel to fixed deposits and higher exchange rates for the Australian and New Zealand dollar.
- Note 5 This relates to the assets and liabilities of HGCPL. The company entered into a sales and purchase agreement on 30 June 2014 to sell its entire shareholding in HGCPL. HGCPL which is reported in the Hotel Operations segment is the owner and operator of Hotel Grand Chancellor located in Belilios Road, Little India, Singapore. The sale is subject to shareholders' approval and is expected to be completed on 15 January 2015.
- Note 6 The current bank term loans, deferred tax liabilities and asset revaluation reserve relating to HGCPL was reclassified to liabilities/reserve of disposal group held for sale (see Note 5 above).
- Note 7 The increase in the short term bank loans was due to additional loan drawdowns to finance the construction costs of the leasehold Orchard Road hotel.
- Note 8 The decrease in the non-current bank term loans was mainly due to a reclassification of the non-current bank term loans relating to HGCPL to liabilities of disposal group held for sale (see Note 5 above). The decrease was partly offset by additional loan drawdowns to finance the construction costs of the freehold Orchard Road hotel.
- Note 9 The increase in the issued capital was due to the completion of the scrip dividend exercise in Q2 2014.

1(b)(iii) Aggregate amount of group's borrowings and debts securities**Amount repayable in one year or less, or on demand**

As at 30 June 2014		As at 31 December 2013	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
27,651	-	21,323	-

Amount repayable after one year

As at 30 June 2014		As at 31 December 2013	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
79,751	-	131,697	-

Details of any collateral

The Group's borrowings are principally secured by land, hotel buildings and investment properties owned by the Company and various subsidiaries.

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

Statements of Cash Flows for

	Quarter Ended 30 June		Half Year Ended 30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit/(loss) before taxation including share of results of associates	6,448	(2,808)	18,059	7,830
Adjustments for :-				
Depreciation of property, plant and equipment	4,722	4,485	9,186	9,336
Fair value loss/ (gain) on derivatives	7	(73)	5	(34)
Net loss/(gain) on disposal of fixed asset	19	-	(1,029)	-
Interest expense	709	555	1,393	1,186
Interest income	(1,115)	(1,170)	(1,990)	(2,336)
Share of results of associates	(115)	(336)	(105)	(449)
Operating cash flows before changes in working capital	10,675	653	25,519	15,533
(Increase)/decrease in inventories	(22)	28	32	100
(Increase)/decrease in trade and other receivables	309	958	1,016	651
Increase in prepaid operating expenses	(1,733)	(1,455)	(1,184)	(854)
Increase/(decrease) in trade and other payables	536	953	(4,045)	(566)
Cash flows from operations	9,765	1,137	21,338	14,864
Interest received	1,115	1,170	1,990	2,336
Interest paid	(709)	(555)	(1,393)	(1,186)
Tax paid	(2,836)	(2,091)	(5,228)	(4,274)
Net cash flows from/(used in) operating activities	7,335	(339)	16,707	11,740
Investing activities				
Dividend received from investment in associates	724	754	724	754
Proceeds from disposal of property, plant and equipment	550	-	17,522	-
Receipt from other long-term receivables	30	26	60	59
Purchase of investment property	(1,509)	(7)	(1,509)	(7)
Purchase of investment securities	(37)	-	(118)	-
Purchase of property, plant and equipment	(8,713)	(6,194)	(17,312)	(11,632)
Net cash flows used in investing activities	(8,955)	(5,421)	(633)	(10,826)
Financing activities				
Cash dividends paid on ordinary shares	(3,328)	(2,136)	(3,328)	(2,136)
Proceeds from loans and borrowings	8,150	3,800	13,900	7,400
Repayments of loans and borrowings	(1,770)	(838)	(6,343)	(3,118)
(Repayment of)/proceeds from obligations under finance lease	(3)	5	(5)	2
Net cash flows from financing activities	3,049	831	4,224	2,148
Net increase/(decrease) in cash and cash equivalents	1,429	(4,929)	20,298	3,062
Effect of exchange rate changes on cash and cash equivalents	256	(5,220)	1,915	(3,892)
Cash and cash equivalents at beginning of period	152,550	172,338	132,022	163,019
Cash and cash equivalents at end of period	154,235	162,189	154,235	162,189

1(d)(i) A statement for the issuer and the 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.

Statements of Changes in Equity for the Period Ended 30 June 2014

	Share Capital \$'000	Fair Value Reserve \$'000	Asset Revaluation Reserve \$'000	Translation Reserve \$'000	Other Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Group							
Opening balance at 1 April 2014	343,260	688	362,507	(25,735)	1,432	197,359	879,511
Total comprehensive income for the period	-	35	-	2,655	-	4,672	7,362
Cash dividends	-	-	-	-	-	(3,328)	(3,328)
Scrip dividends	26,504	-	-	-	-	(26,504)	-
Closing balance at 30 June 2014	369,764	723	362,507	(23,080)	1,432	172,199	883,545
Opening balance at 1 April 2013	316,917	991	372,764	758	1,432	199,507	892,369
Total comprehensive income for the period	-	(181)	-	(33,867)	-	(4,962)	(39,010)
Cash dividends	-	-	-	-	-	(2,136)	(2,136)
Scrip dividends	26,343	-	-	-	-	(26,343)	-
Closing balance at 30 June 2013	343,260	810	372,764	(33,109)	1,432	166,066	851,223
Company							
Opening balance at 1 April 2014	343,260	688	69,325	-	-	29,573	442,846
Total comprehensive income for the period	-	35	-	-	-	7,630	7,665
Revaluation	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,328)	(3,328)
Scrip dividends	26,504	-	-	-	-	(26,504)	-
Closing balance at 30 June 2014	369,764	723	69,325	-	-	7,371	447,183
Opening balance at 1 April 2013	316,917	991	69,325	-	-	54,621	441,854
Total comprehensive income for the period	-	(181)	-	-	-	(4,665)	(4,846)
Cash dividends	-	-	-	-	-	(2,136)	(2,136)
Scrip dividends	26,343	-	-	-	-	(26,343)	-
Closing balance at 30 June 2013	343,260	810	69,325	-	-	21,477	434,872

- 1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.

There was an increase in the number of issued shares in the capital of the Company due to the issuance of scrip dividends in the second quarter of 2014 of 25,133,735 new ordinary shares. The number of issued shares in the capital of the Company stood at 621,775,091 shares as at 30 June 2014.

The Company does not have any treasury shares as at 30 June 2014. There was no sale, transfer, disposal, cancellation and/or use of treasury shares for the period ended 30 June 2014.

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

The figures have not been audited or reviewed.

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

N.A.

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

Except as disclosed in para 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 December 2013.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2014. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

Earnings per ordinary share of the Group based on net profit attributable to owners of the parent:
(a) based on the weighted average number of shares
(b) on a fully diluted basis

Quarter Ended 30 June	
2014	2013
0.78 cents	(0.87) cents
0.78 cents	(0.87) cents

Half Year Ended 30 June	
2014	2013
2.43 cents	0.58 cents
2.43 cents	0.58 cents

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

Net asset value backing per ordinary share based on issued share capital at the end of the period reported on:

Group	
30-Jun-14	31-Dec-13
S\$ 1.42	S\$ 1.43

Company	
30-Jun-14	31-Dec-13
S\$ 0.72	S\$ 0.74

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cashflow, working capital, assets or liabilities of the Group during the current financial period reported on**

Group Revenue and Profit Commentary

The increase in the Group's revenue in Q2 2014 was mainly due to additional revenue from the 300 Flinders Street and the hotel at Palm Cove which were purchased in 2013.

The Group's net profit for Q2 2014 improved to \$4.67 million as compared to a loss of (\$4.96 million) in Q2 2013.

The increase in the Group's net profit was mainly due to the following:-

- a) Additional rental contribution from the Flinders Street, Melbourne building
- b) An unrealized exchange gain of \$0.43 million compared to a exchange loss of (\$8.57 million) in last year's corresponding period

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

Nil

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 hotel markets where the Group operates in, are generally expected to remain competitive for 2014.

The increase in hotel room supply in Singapore is expected to continue to exert downward pressure on room occupancy and average room rates. In addition, the hotel in Brisbane is also currently facing a slowdown due to weak economic factors there.

11. **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on ? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ? None

(c) Date payable

N.A.

(d) Book closure date

N.A.

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

No dividend has been declared or recommended for the quarter ended 30 June 2014.

Part II - Additional Information Required for the Full Year Announcement
(This part is not applicable to Q1, Q2, Q3 and Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

N.A.

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

N.A.

15. **A breakdown of revenue**

N.A.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total annual dividend, net of tax

	Latest Full Year	Previous Full Year
	S\$'000	S\$'000
Ordinary - Scrip	0	0
Ordinary - Cash	0	0
Total	0	0

17. **Interested Person Transactions**

The Company does not have a shareholders' mandate for interested person transactions.

18. **Confirmation By Directors**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the period ended 30 June 2014 to be false or misleading.

BY ORDER OF THE BOARD

Lim Bee Lian Eliza
Secretary
13 August 2014