



BUND CENTER INVESTMENT LTD

First Quarter Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2015

	1st Qtr 2015 <u>S\$'000</u>	1st Qtr 2014 <u>S\$'000</u>	Change %
Revenue	33,349	29,748	12.1
Cost of sales	<u>(16,402)</u>	<u>(15,026)</u>	9.2
Gross profit	<u>16,947</u>	<u>14,722</u>	15.1
Operating expenses			
Selling expenses	(1,384)	(1,235)	12.1
General and administrative expenses	<u>(6,398)</u>	<u>(5,062)</u>	26.4
Total operating expenses	<u>(7,782)</u>	<u>(6,297)</u>	23.6
Operating profit	9,165	8,425	8.8
Financial income	606	1,568	(61.4)
Financial expenses	(276)	(204)	35.3
Other operating income/(expenses), net	<u>162</u>	<u>(1,875)</u>	n.m.
Profit before income tax	9,657	7,914	22.0
Income tax	<u>(2,819)</u>	<u>(2,817)</u>	0.1
Total profit for the period	<u>6,838</u>	<u>5,097</u>	34.2
Attributable to:			
Owners of the Company	6,561	4,857	35.1
Non-controlling interests	<u>277</u>	<u>240</u>	15.4
	<u>6,838</u>	<u>5,097</u>	34.2

n.m. – not meaningful

1(a) A statement of total comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2015**

	1st Qtr 2015 <u>S\$'000</u>	1st Qtr 2014 <u>S\$'000</u>
Total profit for the period	6,838	5,097
Other comprehensive income:		
<u>Items that may be reclassified subsequently to the profit or loss:</u>		
Foreign currency translation	19,154	(12,988)
Total comprehensive income for the period, net of tax	<u>25,992</u>	<u>(7,891)</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	25,004	(7,591)
Non-controlling interests	988	(300)
	<u>25,992</u>	<u>(7,891)</u>

ADDITIONAL INFORMATION

	1st Qtr 2015 <u>S\$'000</u>	1st Qtr 2014 <u>S\$'000</u>	Change %
Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items ("EBITDA")	16,360	15,549	5.2
Interest on borrowings	(276)	(204)	35.3
Depreciation and amortisation	(5,745)	(5,332)	7.7
Foreign exchange loss, net	<u>(682)</u>	<u>(2,099)</u>	(67.5)
Profit before income tax	<u>9,657</u>	<u>7,914</u>	22.0

n.m. – 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

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at		As at	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	75,850	60,221	295	919
Short-term investments	3,252	2,628	-	-
Trade receivables and other current assets	9,618	8,146	4,986	4,434
Inventories, at cost	432	448	-	-
	89,152	71,443	5,281	5,353
Non-Current Assets				
Interest in subsidiaries	-	-	410,659	410,659
Investment properties	266,502	258,882	-	-
Property, plant and equipment	207,048	201,095	-	-
Deferred tax assets	5,745	5,585	-	-
Deferred charges	735	712	-	-
	480,030	466,274	410,659	410,659
Total Assets	569,182	537,717	415,940	416,012
<u>Liabilities and Equity</u>				
Current Liabilities				
Trade and other payables	33,118	29,665	276	275
Income tax payable	2,875	3,855	-	-
Obligations under finance lease	19	19	-	-
	36,012	33,539	276	275
Non-Current Liabilities				
Borrowings	54,543	52,134	-	-
Long-term liabilities	12,141	11,370	-	-
Obligations under finance lease	36	41	-	-
Deferred tax liabilities	2,106	2,106	-	-
	68,826	65,651	-	-
Total Liabilities	104,838	99,190	276	275
Equity Attributable to Owners of the Company				
Share capital	105,784	105,784	105,784	105,784
Share premium	304,881	304,881	304,881	304,881
Treasury shares	(1,437)	(1,262)	(1,437)	(1,262)
Asset revaluation reserve	65,175	65,175	-	-
Merger reserve	(133,639)	(133,639)	-	-
Foreign currency translation reserve	76,384	57,941	-	-
Retained earnings	29,512	22,951	6,436	6,334
	446,660	421,831	415,664	415,737
Non-Controlling Interests	17,684	16,696	-	-
Total Equity	464,344	438,527	415,664	415,737
Total Liabilities and Equity	569,182	537,717	415,940	416,012

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

	As at 31/03/2015			As at 31/12/2014		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Amount repayable in one year or less, or on demand	19	-	19	19	-	19
Amount repayable after one year	54,579	-	54,579	52,175	-	52,175
Total	54,598	-	54,598	52,194	-	52,194

Details of any collateral

The secured borrowings are collateralised by certain property, plant and equipment.

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015**

	1st Qtr 2015 S\$'000	1st Qtr 2014 S\$'000
Cash flows from operating activities		
Profit before income tax	9,657	7,914
Adjustments for:		
Depreciation of property, plant and equipment	2,479	2,233
Depreciation of investment properties	3,259	3,092
Amortisation of deferred charges	7	7
Changes in fair value of financial assets at fair value through profit or loss	(624)	298
Interest income	(606)	(1,568)
Interest expense	276	204
Unrealised foreign exchange (gain)/loss, net	(446)	3,521
Operating cash flows before working capital changes	14,002	15,701
Changes in working capital:		
Trade receivables and other current assets	(1,472)	(1,264)
Inventories	16	26
Trade and other payables	4,224	(1,596)
Cash generated from operations	16,770	12,867
Income tax paid	(3,938)	(3,707)
Interest received	606	1,583
Interest paid	(276)	(204)
Net cash from operating activities	13,162	10,539

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015 (cont'd)**

	1st Qtr 2015 S\$'000	1st Qtr 2014 S\$'000
Cash flows from investing activities		
Payments for deferred expenditure	-	(4)
Capital expenditure on property, plant and equipment	(78)	(101)
Proceeds from investments in short-term investments	-	37,758
Net cash (used in)/generated from investing activities	(78)	37,653
Cash flows from financing activities		
Repayments of obligations under finance lease	(5)	(5)
Payments for shares buy back	(175)	-
Net cash used in financing activities	(180)	(5)
Net increase in cash and cash equivalents	12,904	48,187
Cash and cash equivalents at beginning of the period	60,221	20,174
Effect of exchange rate changes on balances of cash held in foreign currencies	2,725	(1,384)
Cash and cash equivalents at end of the period	75,850	66,977

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

<u>The Company</u>	<u>Share Capital</u> S\$'000	<u>Share Premium</u> S\$'000	<u>Treasury Shares</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total</u> S\$'000
Balance as at 1 Jan 2015	105,784	304,881	(1,262)	6,334	415,737
Shares buy back	-	-	(175)	-	(175)
Total comprehensive income for the period	-	-	-	102	102
Balance as at 31 Mar 2015	<u>105,784</u>	<u>304,881</u>	<u>(1,437)</u>	<u>6,436</u>	<u>415,664</u>
Balance as at 1 Jan 2014	105,784	304,881	(1,154)	4,654	414,165
Total comprehensive loss for the period	-	-	-	(67)	(67)
Balance as at 31 Mar 2014	<u>105,784</u>	<u>304,881</u>	<u>(1,154)</u>	<u>4,587</u>	<u>414,098</u>

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

The Group	← Attributable to Owners of the Company →									
	Share Capital	Share Premium	Treasury Shares	Asset Revaluation Reserve	Merger Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2015	105,784	304,881	(1,262)	65,175	(133,639)	57,941	22,951	421,831	16,696	438,527
Shares buy back	-	-	(175)	-	-	-	-	(175)	-	(175)
Profit for the period	-	-	-	-	-	-	6,561	6,561	277	6,838
Other comprehensive income for the period – Foreign currency translation	-	-	-	-	-	18,443	-	18,443	711	19,154
Total comprehensive income for the period	-	-	-	-	-	18,443	6,561	25,004	988	25,992
Balance as at 31 Mar 2015	105,784	304,881	(1,437)	65,175	(133,639)	76,384	29,512	446,660	17,684	464,344
Balance as at 1 Jan 2014	105,784	304,881	(1,154)	65,175	(133,639)	58,157	86,916	486,120	18,661	504,781
Profit for the period	-	-	-	-	-	-	4,857	4,857	240	5,097
Other comprehensive loss for the period – Foreign currency translation	-	-	-	-	-	(12,448)	-	(12,448)	(540)	(12,988)
Total comprehensive loss for the period	-	-	-	-	-	(12,448)	4,857	(7,591)	(300)	(7,891)
Balance as at 31 Mar 2014	105,784	304,881	(1,154)	65,175	(133,639)	45,709	91,773	478,529	18,361	496,890

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

As at 31 March 2015, the Company's issued and paid up capital (excluding treasury shares) comprises 3,035,405,440 ordinary shares of US\$0.025 each. Movements in the Company's issued share capital (excluding treasury shares) during the period ended 31 March 2015 were as follows:

	<u>Number of ordinary shares</u>
Balance as at 1 January 2015	3,036,248,440
Treasury shares purchased	(843,000)
Balance as at 31 March 2015	<u>3,035,405,440</u>

1(d)(iii) To show the 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.

The total number of issued shares excluding treasury shares as at 31 March 2015 and 31 December 2014 are 3,035,405,440 and 3,036,248,440 ordinary shares, respectively.

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

Movements in the Company's treasury shares during the period ended 31 March 2015 were as follows:

	<u>Number of ordinary shares</u>
Balance as at 1 January 2015	5,711,000
Shares buy back	843,000
Balance as at 31 March 2015	<u>6,554,000</u>

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

These figures have not been audited, or reviewed by the 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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation consistent with those used in the audited consolidated financial statements for the year ended 31 December 2014.

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 has adopted various new and amendments to the International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for the period beginning 1 January 2015. The adoption of these new and amendments to the IFRSs has had no material impact on the true and fair presentation of the Group's financial statements.

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

Earnings per ordinary share for the period after deducting any provision for preference dividends:-

(i) Based on weighted average number of ordinary shares
- Weighted average numbers of shares

(ii) On a fully diluted basis

The Group	
1st Qtr 2015	1st Qtr 2014
SGD0.22 cents 3,035,769,440	SGD0.16 cents 3,036,775,440
Not applicable	Not applicable

7. Net asset value (for the issuer and group) per ordinary share based on 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

Net asset value per ordinary share based on existing issued share capital of 3,035,405,440 (31 Dec 2014: 3,036,248,440) shares

The Group		The Company	
As at 31 Mar 2015	As at 31 Dec 2014	As at 31 Mar 2015	As at 31 Dec 2014
S\$0.15	S\$0.14	S\$0.14	S\$0.14

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 cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Revenue and gross profit breakdown by segment:

	1st Qtr 2015 <u>S\$'000</u>	1st Qtr 2014 <u>S\$'000</u>	Change <u>%</u>
Revenue from:			
Hotel	14,750	12,540	17.6
Property leasing	<u>18,599</u>	<u>17,208</u>	8.1
Total revenue	<u>33,349</u>	<u>29,748</u>	12.1
Gross Profit from:			
Hotel	5,620	4,526	24.2
Property leasing	<u>11,327</u>	<u>10,196</u>	11.1
Total gross profit	<u>16,947</u>	<u>14,722</u>	15.1
Gross Profit Margin			
Hotel	38.1%	36.1%	2.0
Property leasing	60.9%	59.3%	1.6
Overall	<u>50.8%</u>	<u>49.5%</u>	1.3

REVIEW OF PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2015

The Group recorded revenue of S\$33.3 million for the 3-month period ended 31 March 2015 ("1Q2015"), representing an increase of 12.1% as compared to S\$29.7 million in the corresponding period in 2014 ("1Q2014"). In line with higher revenue, the net profit and EBITDA of the Group increased to S\$6.6 million and S\$16.4 million respectively in 1Q2015.

REVENUE

The Group's revenue rose by 12.1% from S\$29.7 million in 1Q2014 to S\$33.3 million mainly attributable to increases in hotel revenue and leasing income from our Bund Center office tower.

Our hotel continues to outperform the average occupancy rate and average room rate achieved by five-star hotels in Shanghai, despite the competitive operating environment attributed to decrease in visitors staying overnight in Shanghai and supply of new hotel rooms. Our hotel revenue increased from S\$12.5 million in 1Q2014 to S\$14.8 million mainly due to higher average occupancy rate and increase in revenue from meetings, incentives, conventions and exhibitions (MICE). Average occupancy rate and average room rate remained high at 70.4% and RMB1,201 respectively in 1Q2015.

Leasing income increased by 8.1% to S\$18.6 million in 1Q2015 mainly due to better rental rate achieved for our Bund Center office tower.

GROSS PROFIT

In tandem with higher revenue, gross profit increased by 15.1% from S\$14.7 million to S\$16.9 million in 1Q2015. As certain expenses in cost of sales, such as depreciation expenses, remained fairly constant, gross profit margin of the Group improved from 49.5% to 50.8% in 1Q2015.

OPERATING EXPENSES

SELLING EXPENSES

Selling expenses of S\$1.4 million mainly comprised advertising and promotion expenses, salaries and related expenses and marketing expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses of S\$6.4 million mainly comprised salaries and related expenses, office and hotel supplies, repair and maintenance, tax and licences fees and management fee payable to the hotel operator. The increase of S\$1.3 million was mainly due to increase in salaries and related expenses and higher consultancy fees.

FINANCIAL INCOME

Financial income decreased from S\$1.6 million to S\$0.6 million in 1Q2015 mainly due to lower structured deposits amount in the current period.

OTHER OPERATING INCOME/(EXPENSES), NET

The Group recorded a net operating income of S\$0.2 million in 1Q2015 as compared to net operating expenses of S\$1.9 million in 1Q2014. This was mainly attributable to lower net foreign exchange loss recorded in the current period and fair value gain on its short-term investments in line with higher market prices.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2015

ASSETS

As at 31 March 2015, total assets of the Group increased by S\$31.5 million to S\$569.2 million. This was mainly due to higher cash and cash equivalents resulting from positive cash flows from our operating activities, as well as higher book value of property, plant and equipment and investment properties arising from translation effect of strengthening of Chinese Renminbi.

LIABILITIES

Compared to 31 December 2014, total liabilities of the Group increased by S\$5.6 million to S\$104.8 million mainly attributable to increase in deposits received and higher borrowings resulting from the translation effect.

REVIEW OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

Cash and cash equivalents increased to S\$75.9 million as at 31 March 2015 mainly due to higher cash generated from operating activities during the current period in line with better operating results, after payments for 843,000 shares bought and held as treasury shares during the current period.

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

Not applicable.

10. **A commentary at the date of the announcement of the 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 Group's operating performance will be affected by the challenging operating environment in Shanghai given the forecasted slowdown in economic growth in China and increase in supply of office spaces in both centralised and decentralised business areas and new hotel rooms in Shanghai. The Group will continue to enhance its operating performance by improving its cost efficiency and adopting the flexible yield strategy.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared for the first quarter ended 31 March 2015.

13. **Interested persons transactions disclosure**

There is no relevant interested person transaction entered into during the 3-month period ended 31 March 2015.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. **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**

Not applicable.

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

Not applicable.

- 16. A breakdown of sales**

Not applicable.

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

Not applicable.

- 18. CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL**

We, Frankle (Djafar) Widjaja and Chew Yow Foo, being two directors of Bund Center Investment Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to their attention which would render the first quarter ended 31 March 2015 unaudited financial results to be false or misleading.

BY ORDER OF THE BOARD

Frankle (Djafar) Widjaja
Director
12 May 2015

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Submitted by Kimberley Lye Chor Mei, Company Secretary on 12 May 2015 to the SGX