

PLATO CAPITAL LIMITED

(Company Registration No. 199907443M)

Unaudited Financial Statement And Dividend Announcement For 6 Months Ended 30 June 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229-8088.

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

1(a)(i) 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

	Group For the 6 months ended 30 June 2014 S\$'000 (Unaudited)	Group For the 6 months ended 30 June 2013 S\$'000 (Unaudited)	Increase/ (Decrease) %
Revenue			
Sales of goods and services	636	677	(6.1)
Income from investment activities	13	19	(31.6)
Interest income from provision of credit facilities	-	185	NM
Property management	25	1	NM
Total revenue	674	882	(23.6)
Other income			
Interest income from bank deposits	36	19	89.5
Gain on disposal of investment property	-	293	NM
Sundry income	52	52	-
Total other income	88	364	(75.8)
Other items of income/(expense)			
Gain/(loss) on disposal of available-for-sale financial assets	886	(135)	NM
Purchase of software and services	(323)	(227)	42.3
Finance cost of credit facilities	-	(117)	NM
Property management cost	(174)	(203)	(14.3)
Employee benefits expenses	(653)	(615)	6.2
Depreciation of property, plant and equipment	(17)	(16)	6.3
Foreign exchange gain, net	122	500	(75.6)

Write-back of allowance for doubtful trade debts, net	-	8	NM
Other operating expenses	(329)	(328)	0.3
Bank charges	(2)	(2)	-
Finance costs	(388)	(254)	52.8
Share of loss from joint venture	(55)	(1,144)	(95.2)
Share of profit/(loss) from associates	685	(713)	NM
Profit/(loss) before tax	514	(2,000)	NM
Income tax expense	(20)	(237)	(91.6)
Profit/(loss) for the period	494	(2,237)	NM
Attributable to:			
Owners of the Company	301	(1,908)	NM
Non-controlling interests	193	(329)	NM
	494	(2,237)	NM

NM – not meaningful

The Group has increased its shareholding in Educ8 Group Sdn Bhd and its subsidiary ("EDUC8") from 27.36% to 27.53% in 6M2014, by subscribing to the rights entitlement of RM3,145,988 (equivalent to approximately \$ 1,137,588).

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

	Group For the 6 months ended 30 June 2014 S\$'000 (Unaudited)	Group For the 6 months ended 30 June 2013 S\$'000 (Unaudited)	Increase/ (Decrease) %
Profit/(loss) for the period	494	(2,237)	NM
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods :			
Change in fair value of available-for-sale financial assets	-	(748)	NM
Share of other comprehensive income/(loss) of joint venture	427	(1,308)	NM
Share of other comprehensive loss of associates	(179)	-	NM
Exchange differences arising from translating foreign operations	(169)	77	NM
Non-controlling interests' share of exchange differences arising from translating foreign operations due to non-controlling interests	(26)	-	NM
Other comprehensive income/(loss) for the period	53	(1,979)	NM
Total comprehensive income/(loss) for the period	547	(4,216)	NM

Total comprehensive income/(loss) attributable to:			
Owners of the Company	433	(3,919)	NM
Non-controlling interests	114	(297)	NM
	547	(4,216)	NM

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	
	As at 30 June 2014	As at 31 December 2013	As at 30 June 2014	As at 31 December 2013
	S\$'000 (Unaudited)	S\$'000 (Audited)	S\$'000 (Unaudited)	S\$'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	4,708	4,746	-	-
Investment property	8,958	8,853	-	-
Investment in subsidiaries	-	-	4,805	4,805
Investment in joint venture	21,717	21,346	20,390	20,390
Investment in associates	18,275	16,501	-	-
Available-for-sale financial assets	1,292	3,062	-	-
	54,950	54,508	25,195	25,195
Current assets				
Trade receivables	339	520	-	-
Other receivables and deposits	268	75	-	-
Prepaid operating expenses	29	33	3	11
Deferred maintenance cost	175	218	-	-
Amounts due from subsidiaries	-	-	6,340	6,905
Amount due from joint venture	1,247	1,247	1,247	1,247
Cash and cash equivalents	3,543	3,457	111	42
	5,601	5,550	7,701	8,205
Total assets	60,551	60,058	32,896	33,400
EQUITY AND LIABILITIES				
Equity and reserves				
Share capital	37,149	37,149	37,149	37,149
Foreign currency translation reserve	(4,836)	(4,968)	-	-
Retained earnings/(Accumulated losses)	6,938	6,637	(12,832)	(12,551)
Equity attributable to owners of the Company	39,251	38,818	24,317	24,598
Non-controlling interests	3,145	3,031	-	-
Total equity and reserves	42,396	41,849	24,317	24,598

Liabilities				
Non-current liabilities				
Deferred tax liabilities	131	129	-	-
Finance lease payables	3,668	3,593	-	-
Amounts due to related parties	5,730	5,686	818	808
	9,529	9,408	818	808
Current liabilities				
Trade payables	180	227	-	-
Other payables and accruals	1,899	1,977	141	206
Deferred revenue	288	406	-	-
Amounts due to subsidiaries	-	-	7,620	7,788
Income tax payable	27	32	-	-
Bank borrowings	6,232	6,159	-	-
	8,626	8,801	7,761	7,994
Total liabilities	18,155	18,209	8,579	8,802
Total equity and liabilities	60,551	60,058	32,896	33,400

* Amount is less than S\$1,000.

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

Amount repayable in one year or less, or on demand

Group			
As at 30 June 2014 (Unaudited)		As at 31 December 2013 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	6,232	-	6,159

Amount repayable after one year

Group			
As at 30 June 2014 (Unaudited)		As at 31 December 2013 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	5,730	-	5,686

Details of any collateral

The bank borrowings obtained by two of the subsidiaries are guaranteed by the Company and by personal guarantee by Mr Lim Kian Onn, a substantial shareholder and director of the Company.

Others – Contingent liabilities

The Company has provided proportionate guarantees to two of its investee companies as follows:

1. For a principal sum of up to S\$11.3 million in relation to a term loan facility granted by a licensed bank to Epsom College Malaysia Sdn Bhd.; and
2. For a principal sum of up to S\$10.4 million in relation to a term loan facility and a bank guarantee facility of up to S\$0.55 million granted by a licensed bank to TP Sepang Sdn Bhd.

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

	Group For the 6 months ended 30 June 2014 S\$'000 (Unaudited)	Group For the 6 months ended 30 June 2013 S\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	514	(2,000)
Adjustments for:		
Depreciation of property, plant and equipment	17	16
Share of loss from joint venture	55	1,144
Share of (profit)/loss from associates	(685)	713

(Gain)/loss on disposal of available-for-sale financial assets	(886)	135
Interest income from bank deposits	(36)	(19)
Write-back of allowance for doubtful trade debts, net	-	(8)
Property, plant and equipment written off	-	_*
Interest expenses	388	371
Gain on disposal of investment property	-	(293)
Dividend income from investment securities	(13)	-
Unrealised foreign exchange loss, net	(126)	-
Operating loss before working capital changes	(772)	59
Amount due from a joint venture	-	(1,324)
Trade and other receivables	44	4,489
Trade and other payables	(391)	574
Cash flow (used in)/generated from operations	(1,119)	3,798
Income tax paid	(17)	(82)
Net cash flows (used in)/generated from operating activities	(1,136)	3,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale financial assets	2,612	3,440
Proceeds from disposal of investment property	-	3,899
Acquisition of property, plant and equipment	(88)	(3,619)
Acquisition of available-for-sale financial assets	-	(2,826)
Investment in associates	(1,137)	-
Dividend income from investment securities	13	-
Net cash generated from investing activities	1,400	894
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(227)	(234)
Interest received from bank deposits	36	19
Net cash used in financing activities	(191)	(215)
Net increase in cash and cash equivalents	73	4,395
Net foreign exchange difference	13	(446)
Cash and cash equivalents at beginning of financial period	3,457	2,649
Cash and cash equivalents at end of financial period	3,543	6,598

* Amount is less than S\$1,000.

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

	Share capital	Fair value reserve	Foreign currency translation reserve	Accumulated profits/ (losses)	Equity attributable to equity owners of the Company	Non-controlling interests	Total
GROUP	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2013 (Unaudited)	37,149	(385)	(3,262)	8,717	42,219	2,612	44,831
Loss for the period	-	-	-	(1,908)	(1,908)	(329)	(2,237)
Change in fair value of available-for-sale financial assets	-	(748)	-	-	(748)	-	(748)
Exchange differences arising from translating foreign operations	-	-	45	-	45	32	77
Share of other comprehensive loss of a joint venture	-	-	-	(1,308)	(1,308)	-	(1,308)
Total comprehensive loss for the period	-	(748)	45	(3,216)	(3,919)	(297)	(4,216)
Balance as at 30 June 2013	37,149	(1,133)	(3,217)	5,501	38,300	2,315	40,615

Balance as at 1 January 2014 (Unaudited)	37,149	-	(4,968)	6,637	38,818	3,031	41,849
Profit for the period	-	-	-	301	301	193	494
Share of other comprehensive income of a joint venture	-	-	427	-	427	-	427
Share of other comprehensive loss of associates	-	-	(126)	-	(126)	(53)	(179)
Exchange differences	-	-	(169)	-	(169)	(26)	(195)

arising from translating foreign operations							
Total comprehensive income for the year	-	-	132	301	433	114	547
Balance as at 30 June 2014	37,149	-	(4,836)	6,938	39,251	3,145	42,396

COMPANY	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
(Unaudited)			
Balance as at 1 January 2013	37,149	(12,326)	24,823
Total comprehensive loss for the period	-	(275)	(275)
Balance as at 30 June 2013	37,149	(12,601)	24,548
(Unaudited)			
Balance as at 1 January 2014	37,149	(12,551)	24,598
Total comprehensive loss for the period	-	(281)	(281)
Balance as at 30 June 2014	37,149	(12,832)	24,317

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 or 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

There has been no change in the Company's share capital from 31 December 2013 to 30 June 2014. The Company's share capital as at 31 December 2013 and 30 June 2014 remained at S\$37,148,948 and comprised 165,451,344 shares.

Convertibles

The Company did not have any outstanding convertibles as at 30 June 2014 and 30 June 2013.

Treasury shares

The Company did not have any treasury shares as at 30 June 2014 and 30 June 2013.

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.

	As at 30 June 2014	As at 31 December 2013
Total number of issued shares excluding treasury shares	165,451,344	165,451,344

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.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation for the current financial period reported on as in the most recently audited annual financial statements for the financial year ended 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 has adopted all the new and revised Financial Reporting Standards ("**FRS**") and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014.

Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of the new and revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies and has no material effect on the financial results reported for the current or prior reporting periods.

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

	Group	
	For the 6 months ended 30 June 2014 (Unaudited)	For the 6 months ended 30 June 2013 (Unaudited)
Based on weighted average number of ordinary shares in issue (Singapore cents)*	0.18	(1.15)

On a fully diluted basis (Singapore cents)**	0.18	(1.15)
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Notes:-

* Earnings per ordinary share for the unaudited 6 months ended 30 June 2014 ("6M2014") was computed based on the profit attributable to owners of the Company of S\$0.301 million divided by the weighted average number of ordinary shares in issue of 165,451,344 for the 6 months ended 30 June 2014. Loss per ordinary share for the 6 months ended 30 June 2013 ("6M2013") was computed based on the loss attributable to owners of the Company of S\$1.908 million divided by the weighted average number of ordinary shares in issue of 165,451,344 for 6M2013.

** Basic and diluted profit/(loss) per share was the same as there were no potentially dilutive securities in issue for the 6M2014 and for the unaudited 6M2013.

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

	Group		Company	
	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)	As at 30 June 2014 (Unaudited)	As at 31 December 2013 (Audited)
Net asset value ("NAV") per ordinary share (Singapore cents)	25.62	25.29	15.19	14.87
Number of ordinary shares in issue	165,451,344	165,451,344	165,451,344	165,451,344

Note:-

The Group's and the Company's NAV per ordinary share as at 30 June 2014 and 31 December 2013 were calculated based on the net assets of the Group and the Company over the number of ordinary shares in issue at the respective balance sheet dates.

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

Six months ended 30 June 2014 ("6M2014") vs six months ended 30 June 2013("6M2013")

Income Statement

The overall group turnover decreased by 23.6% from S\$0.882 million in 6M2013 to S\$0.674 million in 6M2014.

Sales of goods and services decreased marginally by 6.1% from S\$0.677 million in 6M2013 to S\$0.636 million in 6M2014, mainly due to a drop in sales of IT implementation services.

Income from investment activities decreased by 31.6% from S\$0.019 million in 6M2013 to S\$0.013 million in 6M2014. The decrease was mainly due to lower dividend income in 6M2014 as a result of the disposal of available-for-sale financial assets.

There were no interest income from the provision of credit facilities in 6M2014 (6M2013: S\$0.185 million) as there was no disbursement of new loan during 6M2014. The income from property management increased from S\$0.001 million in 6M2013 to S\$0.025 million in 6M2014. The increase was solely related to rental of the property adjoining the former Ormond Hotel in Dublin, Ireland.

Interest income from bank deposits of S\$0.036 million in 6M2014 was 89.5% higher than the interest income from bank deposits of S\$0.019 million in 6M2013 as a result of higher available cash balances for placement of deposits in 6M2014 due to the disposal of available-for-sale financial assets.

There was no disposal of Investment Property during the 6M2014 and the gain on disposal of Investment Property of S\$0.293 million reported in 6M2013 was in respect of 6 pieces of freehold lands disposed of by a subsidiary of the Group.

The sundry income of S\$0.052 million reported in both 6M2014 and 6M2013 represented vacant building allowances received from Kuala Lumpur City Hall authorities in respect of the Group's remaining investment property, Wisma Char Yong ("Investment Property").

The gain on disposal of available-for-sale financial assets that amounted to S\$0.886 million in 6M2014 compared to a loss on disposal of available-for-sale financial assets that amounted to S\$0.135 million in 6M2013 was achieved as a result of improved market sentiment during the second half of 6M2014.

As a result of increased cost of royalties paid to principals during the current period, purchase of software and services increased by 42.3% from S\$0.227 million in 6M2013 to S\$0.323 million in 6M2014.

The finance cost of credit facilities is S\$nil in 6M2014 due to no disbursement of new loan as explained above.

Property management cost represented the cost of operations in managing the Investment Property. The decrease from S\$0.203 million in 6M2013 to S\$0.174 million in 6M2014 was due to lower maintenance cost incurred since there were no tenants leasing the Investment Property during 6M2014.

Employee benefits expenses increased marginally by 6.2% from S\$0.615 million in 6M2013 to S\$0.653 million in 6M2014 mainly due to an increase in the number of employees.

Foreign exchange gain decreased by 75.6% resulting from S\$0.500 million in 6M2013 to S\$0.122 million in 6M2014 mainly due to the strengthening of the Singapore Dollar against the United States Dollar.

There was no write-back of allowance for doubtful trade debts in 6M2014 as compared to S\$0.008 million in 6M2013, as there was no recovery of doubtful debts since July 2013.

There was no fluctuation in other operating expenses as the amount incurred in 6M2014 of S\$0.329 million was similar to the amount reported in 6M2013.

The increase in finance costs from S\$0.254 million in 6M2013 to S\$0.388 million in 6M2014 was attributable to interest expense incurred for borrowings for the Group's investment in associates.

The Group's share of loss from joint venture was reduced from S\$1.144 million in 6M2013 to S\$0.055 million in 6M2014 mainly due to an increase in room revenue from the opening of the joint venture's latest hotel in KLIA2 in May 2014 and a full six months of operations for the joint venture's Melbourne hotel which opened in November 2013.

The share of profit from associates of S\$0.685 million was derived from the Group's share of profit of S\$1.071 million from TYK Capital Sdn Bhd ("TYKC"), offset by its share of loss from EDUC8 of S\$0.386 million. The profit registered by TYKC's group of companies in 6M2014 was mainly attributable to the turnaround of its Hard Disk Drives ("HDD") manufacturing operations. The loss registered by EDUC8 in 6M2013 was mainly due to pre-operating costs incurred.

The income tax expense of S\$0.020 million in 6M2014 represented the provisional assessment by the Inland Revenue Board for one of the subsidiaries of the Group, whilst the income tax expense of S\$0.237 million in 6M2013 was in respect of real property gains tax as a result of the disposal of freehold lands.

The above resulted in the Group recording a profit before tax of S\$0.514 million in 6M2014, as compared to a loss before tax of S\$2.000 million in 6M2013.

Statement of Financial Position

Decrease in property, plant and equipment by S\$0.038 million as at 30 June 2014 was made up of:

- i. depreciation charge of S\$0.017 million for plant and equipment in 6M2014;
- ii. reduction in the carrying value of the former Ormond Hotel and its adjoining property in Dublin, Ireland due to negative exchange difference of S\$0.109 million at 30 June 2014 due to the weakening of Euro against Singapore Dollar.; offset by
- iii. increase in the carrying value of the former Ormond Hotel and its adjoining property in Dublin, Ireland due to capitalisation of professional fees of S\$0.088 million, incurred for its proposed redevelopment.

Increase in Investment Property at fair value from S\$8.853 million as at 31 December 2013 to S\$8.958 million as at 30 June 2014 was due to a positive exchange difference of S\$0.105 million resulting from the strengthening of Ringgit Malaysia against Singapore Dollar.

Investment in joint venture increased from S\$21.346 million as at 31 December 2013 to S\$21.717 million as at 30 June 2014 due to the Group's share of other comprehensive income of S\$0.427 million, which was offset by its share of loss of S\$0.055 million for 6M2014.

The increase in investment in associates from S\$16.501 million as at 31 December 2013 to S\$18.275 million as at 30 June 2014 was mainly due to the Group's share of profit in TYKC of S\$1.071 million and increased shareholding in EDUC8 amounting to S\$1.137 million, offset by the share of loss in EDUC8 amounting to S\$0.386 million in 6M2014.

Available-for-sale financial assets decreased by S\$1.770 million from S\$3.062 million as at 31 December 2013 to S\$1.292 million as at 30 June 2014, as a result of the disposal of available-for-sale financial assets of S\$1.770 million.

Trade receivables decreased from S\$0.520 million as at 31 December 2013 to S\$0.339 million as at 30 June 2014 mainly due to the improved collection from trade debtors.

Other receivables and deposits increased by S\$0.193 million from S\$0.075 million as at 31 December 2013 to S\$0.268 million as at 30 June 2014 mainly due to the outstanding proceeds from available-for-sale financial assets disposed on 30 June 2014.

Deferred maintenance cost decreased by S\$0.043 million from S\$0.218 million as at 31 December 2013 to S\$0.175 million as at 30 June 2014 due to the reduction in deferred revenue as explained below.

The amount due from joint venture of S\$1.247 million as at 31 December 2013, being shareholders' advances to TP Real Estate Holdings Pte Ltd in the financial year ended 31 December 2013, remained unchanged as at 30 June 2014.

Cash and cash equivalents increased by S\$0.086 million from S\$3.457 million as at 31 December 2013 to S\$3.543 million as at 30 June 2014 mainly due to proceeds from the disposal of available-for-sale financial assets, which was offset by additional investment in EDUC8 and the additional cost incurred for the development of the former Ormond Hotel and its adjoining property in Dublin, Ireland.

Decrease in trade and other payables, accruals and deferred revenue by S\$0.243 million from S\$2.610 million as at 31 December 2013 to S\$2.367 million as at 30 June 2014 was mainly due to a decrease in deferred revenue. The deferred revenue decreases as the revenue from service maintenance is recognized evenly over the term of the contract.

Increase in bank borrowings of S\$0.073 million as at 30 June 2014 was solely due to exchange differences resulting from the strengthening of Malaysian Ringgit against Singapore Dollar.

Increase in deferred tax liabilities of S\$0.002 million arose from the exchange differences resulting from the strengthening of Malaysian Ringgit against Singapore Dollar.

The increase in finance lease payables of S\$0.075 million arose from the exchange difference resulted from the strengthening of Malaysian Ringgit against Singapore Dollar.

The amounts due to related parties of S\$5.730 million as at 30 June 2014 (31 December 2013: S\$5.686 million) were made up of loan from a substantial shareholder, amount due to a company controlled by a substantial shareholder and advances from a non-controlling interest of a subsidiary for S\$2.035 million, S\$0.818 million and S\$2.877 million respectively. The repayment dates of both the amounts due to a substantial shareholder and a company controlled by a substantial shareholder were extended from 28 February 2015 to 28 February 2017 during 6M2014.

The decrease in the Group's foreign currency translation reserve of S\$0.132 million from negative S\$4.968 million as at 31 December 2013 to negative S\$4.836 million as at 30 June 2014 was mainly due to the strengthening of the Singapore Dollar against the United States Dollar, which arose on the re-translation of presentational currency.

Although the Group had negative working capital of S\$3.025 million as at 30 June 2014, the Directors are of the view that the Group will have continued access to banking facilities made available to the Group supported by Mr Lim Kian Onn ("Mr LKO") as guarantor to those facilities. Mr LKO has committed to the Group to continue to provide and not withdraw such personal guarantees so as to enable the Group to have continuous access to these banking facilities. Further to that, the Directors are of the view that the Group will be able to secure additional borrowings by securing its long-term assets which are currently unencumbered.

Cash Flows Statement

Cash flows used in operations was S\$1.119 million, mainly as a result of an operating loss before working capital changes of S\$0.772 million and the decrease in trade and other receivables as well as trade and other payables of S\$0.044 million and S\$0.391 million respectively.

After taking into account the cash flow from operations, income tax paid of S\$0.017 million, the Group's net cash flows used in operating activities was S\$1.136 million in 6M2014.

The Group's net cash generated from investing activities amounting to S\$1.400 million in 6M2014 was mainly attributable to proceeds from the disposal of available-for-sale financial assets of S\$2.612 million offset by the additional investment in EDUC8 of S\$1.137 million and acquisition of property, plant and equipment of S\$0.088 million.

The net cash used in financing activities amounting to S\$0.191 million in 6M2014 was attributable to finance costs of S\$0.227 million and was offset by the fixed deposit interest received of S\$0.036 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

For the next reporting period, the Group's financials will continue to be driven primarily by its exposure to three core sectors: precision engineering via the Group's investment in HDD manufacturer TYKC, travel and hospitality through Tune Plato Real Estate Holdings Pte Ltd ("TPRE"), and commercial real estate through its investment in the Investment Property.

HDD Sector

Despite expectations of continued weakness in the enterprise HDD segment, the stabilisation of desktop PC demand and the increase in production of mobile HDDs (through higher notebook PCs production and the recent launch of new gaming consoles) is expected to lift initial 2014 HDD forecasts resulting in a small forecasted growth in the HDD market in FY2014. Given the improved market environment, the turnaround of TYKC's performance is expected to continue into the next reporting period as TYKC's management focuses on cost savings initiatives and improvement in its manufacturing processes to improve their margins.

To supplement its HDD operations and to protect itself from the on-going volatility of HDD demand, TYKC group of companies will continue to focus their efforts on diversifying their precision engineering activities to cater to other areas such as automotive, oil and gas, and other consumer electronic products.

Hospitality Sector

With the opening of TPRE's latest hotel at the new KLIA2 airport, the Group's investment in the hospitality sector vide its 50% stake in TPRE currently has more than 800 hotel rooms in 3 countries. Over the next 12 months, the Group will work closely with TPRE's management to

address property specific issues to improve the TPRE group's average room rates, occupancies and returns.

Commercial Real Estate Portfolio

With the increasing supply of office space in the KL city centre, the Group will focus its efforts to market the Investment Property to commercial enterprises looking for affordable office space with good access to public transport for their staff and customers. The Group believes that its low cost of acquisition will enable it to offer competitive rates to prospective tenants.

IT

Human Resources constraint remains the biggest challenge to timely completion of projects in hand. The Group is currently working with various recruitment agencies to supply contract staff to overcome this shortage. The outlook for revenue over the next 12 months is expected to be stable and will depend on the success of this move of working with contract staff.

Education

The Group's interest in the education sector vide its 27.53% in EDUC8 is not expected to generate any returns in the immediate future. EDUC8's wholly owned subsidiary, Epsom College Malaysia Sdn Bhd is scheduled to open its doors to the first batch of students in September 2014. While we expect to see continued demand for the British boarding school experience within the region, EDUC8 management's immediate and primary focus is to drive student registrations in the school's initial years of operations by capitalising and building upon Epsom UK's established brand and culture of success.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None

(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 shareholders, this must be stated)

Not applicable

(d) Date payable

Not applicable

(e) Books closure date

Not applicable

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

No dividend has been declared or recommended during the current financial period reported on.

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 does not have a general mandate for recurrent interested person transactions.

With regards to the interested person transactions relating to the Mr Lim Kian Onn ("**Mr LKO**"), the Company's Non-Executive Chairman and substantial shareholder, that were announced on 12 September 2013 ("**Announcement**"), namely the acquisition of shares in Monteco Holdings Limited from Vindelta Limited ("**Shares Acquisition**") and the loan given by Mr LKO ("**Loan**"), of which the transaction values were S\$831,911.93 and S\$158,066.35 respectively as at the date of Announcement, the Company had on 30 June 2014, extended the payment deadlines of the Share Acquisition and the Loan from 28 February 2015 to 28 February 2017 on the same terms and interest rates ("**Extension**"). Interest is charged at 2.6% per annum on the outstanding amount for the Shares Acquisition while at 5.6% per annum on the outstanding amount for the Loan. For further details of the Shares Acquisition and Loan, please refer to the Announcement.

As at the date of the Extension, the transaction values for the Share Acquisition and the Loan is S\$874,284 and S\$380,221 respectively, representing in aggregate, 3.00% of the Group latest audited net tangible asset as at 31 December 2013 of S\$41,849,103.

The audit committee is of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

Save for the above, the Group has not entered into any other transaction with Mr LKO or any other interested person since the beginning of this financial year.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Lim Kian Onn and Oh Teik Khim, being Directors of the Company do hereby confirm, for and on behalf of the Board of Directors of the Company ("**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of the Group for the six months ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Kian Onn
Director
13 August 2014

Oh Teik Khim
Director