

PAVILLON HOLDINGS LTD**Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2014****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, 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 15 months ended 31 December 2014

	Group		
	October 13 - December 14	October 12 - September 13	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	23,452	21,744	8
Other items of income			
Interest income	1,279	1,227	4
Other income	354	316	12
Items of expenses			
Raw materials and changes in inventories	(7,715)	(7,286)	6
Personnel costs	(10,410)	(7,932)	31
Depreciation expenses	(1,117)	(907)	23
Net foreign exchange gain	231	68	>100
Other expenses	(6,985)	(5,569)	25
(Loss)/profit before taxation (Note 1)	(911)	1,661	NM
Income tax expense (Note 2)	(204)	(354)	(42)
(Loss)/profit after taxation	(1,115)	1,307	NM
Other comprehensive income			
Foreign currency translation	85	127	(33)
Total comprehensive income attributable to owners of the Company	(1,030)	1,434	NM
Earnings per share attributable to owners of the Company	Cts	Cts	
Basic	(0.35)	0.63	NM
Diluted	(0.35)	0.63	NM

Notes to Income Statement

NM : Not meaningful

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

	Group		
	October 13 - December 14	October 12 - September 13	Increase/ (Decrease)
	S\$'000	S\$'000	%
Impairment loss/(Reversal of impairment loss) on property, plant and equipment	82	(58)	NM
Property, plant and equipment written off	147	4	>100
Gain on disposal of property, plant and equipment	(155)	-	NM
Gain on disposal of subsidiary company	-	(2)	NM
Impairment loss on trade debtors	104	314	(67)
Impairment loss on other debtors	-	27	NM
Interest income	(1,279)	(1,227)	4

Note 2: Taxation

	Group		
	October 13 - December 14	October 12 - September 13	Increase/ (Decrease)
	S\$'000	S\$'000	%
Income tax expense is made up of:-			
On results for the financial year:			
-Current income taxation	214	467	(54)
-Deferred income taxation	18	(15)	NM
	232	452	(49)
Over provision in respect of prior years:-			
-Current income taxation	(28)	(98)	(71)
-Deferred income taxation	-	-	
	(28)	(98)	(71)
Total	204	354	(42)

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	
	31/12/2014	30/9/2013	31/12/2014	30/9/2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	3,174	2,451	3	-
Investments in subsidiary companies	-	-	3,014	2,061
Other debtors	62	80	62	80
Deposits	528	552	-	-
Total non-current assets	3,764	3,083	3,079	2,141
Current assets				
Stocks	1,539	1,979	-	-
Trade debtors	30	116	16	17
Other debtors	146	855	45	667
Deposits and prepayments	161	374	42	13
Amounts due from subsidiary companies (trade)	-	-	1,329	1,311
Amounts due from subsidiary companies (non-trade)	-	-	1,171	2,470
Derivative asset	-	948	-	948
Loans receivable	-	5,856	-	5,856
Cash and bank balances	41,383	10,303	37,474	4,859
Total current assets	43,259	20,431	40,077	16,141
Total assets	47,023	23,514	43,156	18,282
EQUITY AND LIABILITIES				
Current liabilities				
Trade creditors	634	948	-	-
Other creditors and accruals	1,843	1,695	521	521
Franchise deposits	30	50	30	50
Deferred rental income	12	15	-	-
Deferred revenue	1,609	1,678	-	-
Income tax payable	325	350	263	158
Total current liabilities	4,453	4,736	814	729
Net current assets	38,806	15,695	39,263	15,412

	Group		Company	
	31/12/2014	30/9/2013	31/12/2014	30/9/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Deferred tax liabilities	128	110	-	-
Franchise deposits	80	100	80	100
Deferred rental income	16	33	-	-
Total non-current liabilities	224	243	80	100
Total liabilities	4,677	4,979	894	829
Net assets	42,346	18,535	42,262	17,453
Equity attributable to owners of the Company				
Share capital	39,433	14,593	39,433	14,593
Reserve fund	684	684	-	-
Foreign currency translation reserve	(174)	(259)	-	-
Revenue reserve	2,361	3,475	2,829	2,860
	42,304	18,493	42,262	17,453
Non-controlling interests	42	42	-	-
Total Equity	42,346	18,535	42,262	17,453
Total Equity and Liabilities	47,023	23,514	43,156	18,282

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

Nil.

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	
	October 13 - December 14	October 12 - September 13
	S\$'000	S\$'000
Cash flow from operating activities :		
(Loss)/profit before taxation	(911)	1,661
Adjustments for :		
Impairment loss on property, plant and equipment /(Reversal of impairment loss)	82	(58)
Property, plant and equipment written off	147	4
Depreciation of property, plant and equipment	1,117	907
Interest income	(1,279)	(1,227)
Impairment loss on trade debtors	104	314
Impairment loss on other debtors	-	27
Fair value gain on derivative asset	-	(184)
Gain on disposal of subsidiary	-	(2)
Gain on disposal of property, plant and equipment	(155)	-
Translation differences	(59)	(156)
Operating (loss)/profit before working capital changes	(954)	1,286
(Increase)/decrease in :		
Stocks	440	87
Trade debtors	(18)	(324)
Other debtors, deposits and prepayments	51	(275)
Increase/(decrease) in :		
Trade creditors	(314)	531
Other creditors and accruals	(189)	(320)
Cash flow (used in)/generated from operations	(984)	985
Taxes paid	(221)	(623)
Net cash flow (used in)/generated from operating activities	(1,205)	362
Cash flow from investing activities		
Interest received	2,996	155
Purchase of property, plant and equipment	(1,845)	(273)
Proceeds from disposal of property, plant and	155	-

	Group	
	October 13 - December 14	October 12 - September 13
	S\$'000	S\$'000
Proceeds from disposal of subsidiary	-	2
Loan repaid/(granted)	6,000	(4,000)
Net cash flow generated from/(used in) investing activities	7,306	(4,116)
Cash flow from financing activities		
Payment of dividends to shareholders	-	(1,662)
share placement proceeds	24,840	-
Net cash flow generated from/(used in) financing activities	24,840	(1,662)
Net increase/(decrease) in cash and cash equivalents	30,941	(5,416)
Effect of exchange rate changes on cash and cash equivalents	139	262
Cash and cash equivalents at beginning of the financial year	10,303	15,457
Cash and cash equivalents at end of the financial year	41,383	10,303

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.

Group	Share capital	Reserve fund	Revenue	Foreign	Total equity	Non-	Total equity
2014	S\$'000	S\$'000	reserve	currency	attributable	controlling	equity
	S\$'000	S\$'000	S\$'000	translation	to owners of	interests	S\$'000
	S\$'000	S\$'000	S\$'000	reserve	the	S\$'000	S\$'000
Balance as at 1 October 2013	14,593	684	3,475	(259)	18,493	42	18,535
Loss for the financial year	-	-	(1,115)	-	(1,115)	-	(1,115)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	85	85	-	85
Other comprehensive income for the financial year, net of tax	-	-	-	85	85	-	85
Total comprehensive income for the financial year	-	-	(1,115)	85	(1,030)	-	(1,030)
<u>Contributions by and distributions to owners</u>							
Share placement proceeds	24,840	-	-	-	24,840	-	24,840
Total contributions by and distributions to owners	24,840	-	-	-	24,840	-	24,840
Balance as at 31 December 2014	39,433	684	2,361	(174)	42,304	42	42,346

2013	Share capital	Reserve fund	Revenue	Foreign	Total equity	Non-	Total equity
	S\$'000	S\$'000	reserve	currency	attributable	controlling	equity
	S\$'000	S\$'000	S\$'000	translation	to owners of	interests	S\$'000
	S\$'000	S\$'000	S\$'000	reserve	the	S\$'000	S\$'000
Balance as at 1 October 2012	14,593	733	3,781	(386)	18,721	42	18,763
Profit for the financial year	-	-	1,307	-	1,307	-	1,307
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	127	127	-	127
Other comprehensive income for the financial year, net of tax	-	-	-	127	127	-	127
Total comprehensive income for the financial year	-	-	1,307	127	1,434	-	1,434
<u>Contributions by and distributions to owners</u>							
Transfer to reserve fund	-	(49)	49	-	-	-	-
Dividends on ordinary shares	-	-	(1,662)	-	(1,662)	-	(1,662)
Total contributions by and distributions to owners	-	(49)	(1,613)	-	(1,662)	-	(1,662)
Balance as at 30 September 2013	14,593	684	3,475	(259)	18,493	42	18,535

Company	Share capital	Revenue	Total equity
2014	S\$'000	reserve	S\$'000
Balance as at 1 October 2013	14,593	2,860	17,453
Loss for the financial year	-	(31)	(31)
Total comprehensive income for the financial year	-	(31)	(31)
<u>Contributions by and distributions to owners</u>			
Share placement proceeds	24,840	-	24,840
Total contributions by and distributions to owners	24,840	-	24,840
Balance as at 31 December 2014	39,433	2,829	42,262

2013

Balance as at 1 October 2012	14,593	2,319	16,912
Profit for the financial year	-	2,203	2,203
Total comprehensive income for the financial year	-	2,203	2,203
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares	-	(1,662)	(1,662)
Total contributions by and distributions to owners	-	(1,662)	(1,662)
Balance as at 30 September 2013	14,593	2,860	17,453

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.

<u>Issued Share Capital</u>	<u>No. of shares</u>	<u>Capital (S\$)</u>
Balance as at beginning of the financial year	207,748,700	14,593,461
Share placement	180,000,000	24,840,000
Balance as at end of the financial year	387,748,700	39,433,461

There is no outstanding convertibles as at the end of the current financial year and as at the end of the previous financial year.

As at 31 December 2014, there was no unissued ordinary share under option (30 September 2013: Nil).

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 immediate preceding year.

Number of issued shares excluding treasury shares	2014	2013
As at beginning of the current financial year	207,748,700	207,748,700
As at end of the current financial year	387,748,700	207,748,700

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.

Treasury shares	2014	2013
Balance as at beginning and end of the current financial year	-	-

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 year as compared to the audited financial statements as at 30 September 2013, except for the adoption of new and revised Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 October 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.

There are no changes in the accounting policies and methods of computation since the previous financial year.

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	
	2014	2013
Profit per ordinary share for the financial year after deducting any provision for preference dividends:-	Cts	Cts
(a) Based on the weighted average number of ordinary shares on issue; and	(0.35)	0.63
(b) On a fully diluted basis	(0.35)	0.63
(To disclose the basis used in arriving at the weighted average number of shares for the purposes of (6)(a) above and to provide details of any adjustments made for the purpose of (6)(b) above)		

Note to 6 (a) and 6 (b)

Basic and fully diluted earnings per share are calculated by dividing the Group's loss after taxation, amounting to \$1.1m (2013: profit after taxation of \$1.3m) by the weighted average number of ordinary shares in issue as at 31 December 2014 of 321,184,149 (30 September 2013: 207,748,700) 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 31/12/2014	As at 30/9/2013	As at 31/12/2014	As at 30/9/2013
Net asset value per ordinary share based on existing issued share capital as at the end of the financial year reported on.	10.92 cts	8.90 cts	10.90 cts	8.40 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 the following:- (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 increased by approximately \$1.7m as compared to the previous year mainly due to the change in financial year end to 31 December which resulted in a 15 month period for the current financial year. Cost of raw materials used increased by approximately \$0.4m is in line with higher sales reported for the current financial year. Gross profit margin increased slightly to 67.1% as compared to 66.5% in the previous year as a result of better management of raw material costs. Other income remains at approximately \$0.3m.

Personnel costs increased by approximately \$2.5m mainly due to the longer financial year. Foreign exchange gain was mainly attributable to strengthening of the Renminbi against the Singapore Dollar. Depreciation expenses increased by approximately \$0.2m and other operating costs increased by approximately \$1.4m mainly due to increase in the number of months in the current financial year. Previous year's profit after taxation of \$1.3m turned into a loss after taxation of \$1.1m, mainly due to lower monthly sales, increase in personnel costs and losses incurred by Qibao outlet in Shanghai which has been closed during the financial year.

Singapore

Revenue from Singapore operations increased by approximately \$1.5m as compared to the previous year mainly due to the longer financial period. Gross profit margin improved slightly as a result of better control of raw material costs. Profit after taxation (PAT) from restaurant operations decreased by approximately \$0.8m mainly due to lower monthly sales recorded as a result of keen competition in the F&B industry. PAT from management services decreased by approximately \$0.9m mainly due to increase in personnel costs and lower monthly management fee income as a result of slower restaurant sales.

People's Republic of China

Revenue from the PRC operations increased by approximately \$0.1m as compared to the previous year mainly due to the longer financial year being offset by lower monthly sales recorded as a result of moderation in high-end F&B spending and closure of the Qibao outlet in Shanghai . Loss after taxation from restaurant operations increased by approximately \$0.5m mainly due to slower sales and losses incurred by Qibao outlet. Property operations incurred a loss after taxation of \$0.2m during the financial year mainly due to start-up expenses.

Franchise operations

Royalty income from franchise outlets in Vietnam and Indonesia remained stable but royalty income from the PRC decreased by approximately \$0.2m mainly due to closure of 4 franchise outlets during the financial year. The Group now has 1 franchise outlet in Indonesia and 2 franchise outlets each in China and Vietnam. A new franchise outlet is expected to commence operations in Cambodia in the second half of year 2015.

Balance Sheet and Cash Flow Review

Non-current assets increased by approximately \$0.7m mainly due to capitalisation of reinstatement cost and purchase of motor vehicles. Current assets increased by approximately \$22.8m mainly due to \$24.8m share placement proceeds received during the financial year. Stocks decreased by approximately \$0.4m due to slower sales. Other debtors, derivative assets and loans receivable decreased by approximately \$7.5m mainly due to receipt of the principal sum and interest of the loans granted. Current liabilities decreased by approximately \$0.3m mainly due to decrease in trade creditors as a result of lower purchases.

Net cash flow used in operating activities of approximately \$1.2m arose mainly from the \$0.9m loss before taxation incurred in the current financial year. Net cash flow generated from investing activities of \$7.3m arose mainly from interest income and repayment of loans collected and net cash flow generated from financing activities of \$24.8m arose from share placement proceeds received during the financial year.

To date, the \$24.8m share placement proceeds has not been utilised.

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

The actual results are in line with the general prospect commentary previously disclosed in the half-year and second half-year results announcements for the financial period ended 31 March 2014 and 30 September 2014.

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 food and beverage industry in Singapore and the PRC is expected to remain competitive and challenging. Management will continue to explore opportunities to commence the business of property development and leasing and investment in the region.

11. If a decision regarding dividend has been made:

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

No dividend has been declared or recommended.

(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 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 the shareholders for Interested Person 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 the effect.

The Group has not obtained any general mandate from shareholders for IPT pursuant to Rule 920.

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.

	Restaurant Operations	Restaurant Management Services	Properties	Elimination	Notes	Group
2014	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
Turnover						
-external sales	23,016	437	-	-		23,453
-inter-segment sales	-	2,830	-	(2,830)	A	-
	23,016	3,267	-	(2,830)		23,453
Interest income	85	1,194	-	-		1,279
Property, plant and equipment written off	(147)	-	-	-		(147)
Depreciation of property, plant and equipment	(1,080)	(11)	(26)	-		(1,117)
Impairment loss on trade debtors	(104)	-	-	-		(104)
Impairment loss on property, plant and equipment	(82)	-	-	-		(82)
Segment loss	(781)	(35)	(247)	152	B	(911)
Additions to non-current assets	1,385	13	447	-	C	1,845
Segment assets	8,983	32,589	374	5,077	D	47,023
Segment liabilities	4,863	642	46	(874)	E	4,677
	Restaurant Operations	Restaurant Management Services	Properties	Elimination	Notes	Group
2013	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
Turnover						
-external sales	21,089	655	-	-		21,744
-inter-segment sales	-	2,558	-	(2,558)	A	-
	21,089	3,213	-	(2,558)		21,744
Interest income	104	1,123	-	-		1,227
Property, plant and equipment written off	(4)	-	-	-		(4)
Gain on disposal of property, plant and equipment	-	-	-	-		-
Gain on disposal of subsidiary company	-	2	-	-		2
Fair value gain on investment loan	-	184	-	-		184
Depreciation of property, plant and equipment	(907)	-	-	-		(907)
Impairment loss on trade debtors	-	(314)	-	-		(314)
Impairment loss on other debtors	(27)	-	-	-		(27)
Reversal of impairment loss on non-financial assets	58	-	-	-		58
Segment profit	324	3,264	-	(1,927)	B	1,661
Additions to non-current assets	273	-	-	-	C	273
Segment assets	10,877	14,156	-	(1,519)	D	23,514
Segment liabilities	6,409	713	-	(2,143)	E	4,979

Geographical information

	Revenue		Non-current assets	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	16,726	15,222	2,647	1,979
People's Republic of China	6,304	6,185	527	472
Others	423	337	-	-
	23,453	21,744	3,174	2,451

Non-current assets information presented above consists of property, plant and equipment as presented in the consolidated balance sheet.

Note A

Inter-segment revenues are eliminated on consolidation.

Note B

The following items are deducted from segment profit to arrive at profit before tax presented in the consolidated income statement:

	2014	2013
	S\$'000	S\$'000
Profit from inter-segment sales	-	(1,885)
Elimination of impairment of investment in subsidiaries	152	-
Unallocated corporate expenses, net	-	(42)
	<u>152</u>	<u>(1,927)</u>

Note C

Additions to non-current assets consists of additions to property, plant and equipment.

Note D

The following items are added to / (deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	2014	2013
	S\$'000	S\$'000
Unallocated corporate assets	10,782	4,508
Inter-segment assets	(5,705)	(6,027)
	<u>5,077</u>	<u>(1,519)</u>

Note E

The following items are added to / (deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2014	2013
	S\$'000	S\$'000
Income tax payables	327	350
Deferred tax liabilities	128	110
Inter-segment liabilities	(1,329)	(2,603)
	<u>(874)</u>	<u>(2,143)</u>

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.

Please refer to note 8 for commentary.

16. A breakdown of sales.

	Group		
	2014	2013	Changes
	S\$'000	S\$'000	%
Sales reported for first half-year	10,103	11,639	(13)
Operating profit after tax before deducting minority interests reported for first half-year	228	720	(68)
Sales reported for second half-year	13,349*	10,105	32
Operating (loss)/profit after tax before deducting minority interests reported for second half-year	(1,342)*	587	NM

* Sales and operating loss reported for the second half-year of FY 2014 consists of 9 months of results (April 2014 to December 2014).

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

	2014	2013
	S\$	S\$
Ordinary	-	-
Preference	-	-
Total:	-	-

Please refer to para 11 on dividends.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no relative of a director or chief executive officer or substantial shareholder of the issuer who is occupying a managerial position in the issuer or any of its principal subsidiaries.

BY ORDER OF THE BOARD

John Chen Seow Phun
Executive Chairman
25-Feb-15