



Chaswood Resources Holdings Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200401894D)

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 period.

	HALF YEAR ENDED 30 JUNE		Increase/ (Decrease) %
	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)	
Revenue	79,494	78,259	1.6%
Cost of Sales	(24,881)	(24,012)	3.6%
Gross Profit	54,613	54,247	0.7%
<u>Other Items of Income</u>			
Interest Income	53	31	71.0%
Other Credits	356	-	N.M
<u>Other Items of Expense</u>			
Marketing and Distribution Costs	(3,173)	(3,742)	(15.2%)
Administrative Expenses	(43,121)	(43,787)	(1.5%)
Finance Costs	(1,042)	(699)	49.1%
Other Charges	-	(270)	N.M
Other Expenses	(3,175)	(3,411)	(6.9%)
Profit Before Tax	4,511	2,369	90.4%
Income Tax Expense	(1,299)	(699)	85.8%
Profit Net of Tax	3,212	1,670	92.3%
<u>Other Comprehensive Income/(Expense), Net of Tax:- Items that may be reclassified subsequently to profit or loss:-</u>			
Exchange Differences on Translating of Net Assets of Foreign Subsidiaries	(107)	(149)	(28.2%)
Total Comprehensive Income of the Period, Net of Tax	3,105	1,521	104.1%
<u>Profit Net of Tax Attributable to:-</u>			
Owners of the Company	3,225	1,635	97.3%
Non-Controlling Interests	(13)	35	(138.3%)
Profit Net of Tax	3,212	1,670	92.3%
<u>Income Attributable to:-</u>			
Owners of the Company	3,118	1,504	107.3%
Non-Controlling Interests	(13)	17	(178.8%)
Total Comprehensive Income	3,105	1,521	104.1%

N.M: Not Meaningful



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1(a)(ii) Other Information

The Group's profit net of tax is arrived at after charging/(crediting):

THE GROUP	HALF YEAR ENDED		Increase/ (Decrease) %
	30 JUNE		
	2014	2013	
	RM'000	RM'000	
	(Unaudited)	(Unaudited)	
Depreciation of property and equipment	2,927	3,192	(8.3%)
Amortisation of franchise fees	249	240	3.8%
Equipment written-off	-	270	N.M
Gain on disposal of equipment	(356)	-	N.M
Interest Income	(53)	(31)	70.9%



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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.

	The Group		The Company	
	30 June 2014 RM'000 (Unaudited)	31 Dec 2013 RM'000 (Audited)	30 June 2014 RM'000 (Unaudited)	31 Dec 2013 RM'000 (Audited)
ASSETS				
Non Current Assets				
Property and Equipment	60,779	61,433	-	-
Intangible Assets	9,674	10,588	797	855
Investments in Subsidiaries	-	-	150,955	150,954
Other Assets, Non-current	4,428	4,428	-	-
Total Non- Current Assets	74,881	76,449	151,752	151,809
Current Assets				
Inventories	2,995	3,178	-	-
Trade and Other Receivables	3,696	3,710	2,971	4,017
Other Assets	13,011	7,205	101	100
Cash and Cash equivalents	11,344	13,272	-	-
Total Current Assets	31,046	27,365	3,072	4,117
Total Assets	105,927	103,814	154,824	155,926
EQUITY AND LIABILITIES				
Equity				
Share Capital	20,776	20,776	158,444	158,444
Retained Earnings / (Accumulated Losses)	23,581	20,356	(5,380)	(3,667)
Translation Reserves	208	315	266	266
Total Equity Attributable to Owners of the Parent	44,565	41,447	153,330	155,043
Non- Controlling Interests	58	71	-	-
Total Equity	44,623	41,518	153,330	155,043
Non- Current Liabilities				
Deferred Tax Liabilities	2,859	2,859	-	-
Redeemable Exchangeable Bond	2,550	-	-	-
Other Financial Liabilities	16,294	15,822	-	-
Total Non-Current Liabilities	21,703	18,681	-	-
Current Liabilities				
Provision for Taxation	1,774	1,529	-	-
Trade and Other Payables	26,233	30,507	1,494	883
Other Financial Liabilities	11,595	11,579	-	-
Total Current Liabilities	39,601	43,615	1,494	883
Total Liabilities	61,304	62,296	1,494	883
Total Equity and Liabilities	105,927	103,814	154,824	155,926



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1(b)(ii) 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 RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance lease payables	310	-	350	-
Interest bearing loans and borrowings	11,285	-	11,229	-
	<u>11,595</u>	<u>-</u>	<u>11,579</u>	<u>-</u>

Amount repayable after one year

	As at 30 June 2014		As at 31 December 2013	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Finance lease payables	334	-	480	-
Interest bearing loans and borrowings	15,960	-	15,342	-
	<u>16,294</u>	<u>-</u>	<u>15,822</u>	<u>-</u>

Details of any collateral

- (1) The bills payable and bank overdrafts are secured by:-
 - (i) Fixed and floating charges over all the present and future assets of certain subsidiaries;
 - (ii) Pledge of the fixed deposits with licensed banks; and
 - (iii) Corporate guarantees of the Company and Chaswood Resources Sdn Bhd.

- (2) The term loans are secured by:-
 - (i) Fixed and floating charge over all present and future assets of certain subsidiaries; and
 - (ii) Pledge of the fixed deposits with licensed banks of the Group.

Certain of the term loans are also covered by:

 - (i) Joint and several guarantee of a director of the Company;
 - (ii) Joint and several guarantee of a former director of Chaswood Resources Sdn. Bhd.;
 - (iii) Corporate guarantees of the Company and Chaswood Resources Sdn Bhd;
 - (iv) 80% of a banking facility covered by a guarantee of an agency of the Government of Malaysia; and
 - (v) Legal assignment to licensed bank all rights, titles, benefits and interests to and in the insurance policies of certain subsidiaries.

- (3) The obligations under finance lease payables are secured by the lessor's charge over the leased assets.



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

	Half Year Ended	
	30 June	
	2014	2013
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Cash Flows From Operating Activities		
Profit before tax	4,511	2,369
Adjustment for:		
Amortisation of Franchise Fees	249	240
Depreciation of Property and Equipment	2,927	3,192
Equipment Written-Off	-	270
Gain on Disposal of Equipment	(356)	-
Interest Income	(53)	(31)
Interest Expense	1,042	699
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	8,320	6,739
Inventories	183	(97)
Trade and Other Receivables	14	663
Other Assets, Current	(4,289)	(2,213)
Trade and Other Payables	(4,274)	(3,274)
	<hr/>	<hr/>
Net Cash Flows From Operations	(46)	1,818
Tax Paid	(1,026)	(978)
	<hr/>	<hr/>
Net Cash Flows (Used In)/From Operating Activities	(1,072)	840
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Purchases of Property and Equipment	(2,921)	(2,059)
Net Proceeds from Disposal of Equipment	1,300	-
Interest Received	53	31
	<hr/>	<hr/>
Net Cash Flows Used in Investing Activities	(1,568)	(2,028)
	<hr/>	<hr/>
Balance carried forward	(2,640)	(1,188)



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1(c) Consolidated Statement of Cash Flows (for the group) (Continued)

	Half Year Ended 30 June	
	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)
Balance brought forward	(2,640)	(1,188)
Cash Flows From Financing Activities		
(Decrease)/Increase in Bills Payable	(731)	323
Drawdown of Borrowings	3,093	3,714
Repayment of Borrowings	(2,664)	(2,327)
Repayment of Finance Lease Payables	(186)	(145)
Cash Restricted in Use	(502)	(368)
Net Proceeds from Issuance of Redeemable Exchangeable Bonds	2,550	-
Interest Paid	(1,042)	(699)
Net Cash Flows From Financing Activities	518	498
Net Decrease in Cash and Cash Equivalents	(2,122)	(690)
Foreign Exchange Differences	(107)	(149)
Cash and Cash Equivalents At Beginning Of The Financial Period	7,429	5,950
Cash and Cash Equivalents At End Of The Financial Period	5,200	5,111
Cash and Cash Equivalents:-		
Not restricted in use	8,375	6,556
Restricted in use	2,969	2,236
	11,344	8,792
Cash and Cash Equivalents in The Statement of Cash Flows:-		
Amount as shown above	11,344	8,792
Bank Overdrafts	(3,175)	(1,445)
Cash restricted in use over 3 months	(2,969)	(2,236)
Cash and cash equivalents for statement of cash flows purposes at the end of the financial period	5,200	5,111



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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				Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000		
Balance as at 1 January 2013	20,776	163	25,302	46,241	136	46,377
Transaction with owners of the Company						
Shares subscribed by non-controlling shareholders	-	-	-	-	236	236
Total contribution by owners	-	-	-	-	236	236
Total comprehensive income/(expense) for the year						
Loss for the financial year	-	-	(4,946)	(4,946)	(302)	(5,248)
Effect of translation of net assets of foreign subsidiaries	-	152	-	152	1	153
Total comprehensive income/(expense) for the year	-	152	(4,946)	(4,794)	(301)	(5,095)
Balance as at 31 December 2013 (Audited)	20,776	315	20,356	41,447	71	41,518
Balance as at 1 January 2014	20,776	315	20,356	41,447	71	41,518
Transaction with owners of the Company						
Shares subscribed by non-controlling shareholders	-	-	-	-	-	-
Total contribution by owners	-	-	-	-	-	-
Total comprehensive income/(expense) for the period						
Profit/(loss) for the financial period	-	-	3,225	3,225	(13)	3,212
Effect of translation of net assets of foreign subsidiaries	-	(107)	-	(107)	-	(107)
Total comprehensive income/(expense) for the period	-	(107)	3,225	3,118	(13)	3,105
Balance as at 30 June 2014 (Unaudited)	20,776	208	23,581	44,565	58	44,623



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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 Company

	Share Capital RM'000	Translation Reserve RM'000	(Accumulated Losses) RM'000	Total Equity RM'000
Balance as at 1 January 2013	158,444	178	(2,458)	156,164
Total comprehensive income/(expense) for the year				
Loss for the financial year	-	-	(1,209)	(1,209)
Foreign currency translation	-	88	-	88
Total comprehensive income/(expense) for the year	-	88	(1,209)	(1,121)
Balance as at 31 December 2013 (Audited)	158,444	266	(3,667)	155,043
Balance as at 1 January 2014	158,444	266	(3,667)	155,043
Total comprehensive income/(expense) for the period				
Loss for the financial period	-	-	(1,713)	(1,713)
Foreign currency translation	-	-	-	-
Total comprehensive expense for the period	-	-	(1,713)	(1,713)
Balance as at 30 June 2014 (Unaudited)	158,444	266	(5,380)	153,330



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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.

The issued and paid-up share capital of the Company are as follow:

Issued and paid up share capital	Number of shares	Issued and paid up share capital (RM)
Share capital as at 31 December 2013 and 30 June 2014	226,817,819	158,443,972
	As at 30 June 2014	As at 30 June 2013
	Shares ('000)	Shares ('000)
Additional shares that would be issued on conversion of all convertible instruments	3,333	-

The Group issued Redeemable Exchangeable bonds on the 25 April 2014 amounting to RM2.6 million. The Redeemable Exchangeable bonds will result in 3,333,333 Exchange Shares in the event they are converted.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year 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	226,817,819	226,817,819

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.

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 by the Company's auditors.



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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.**

The accounting policies and methods of computation are consistent with the latest audited financial statements for the 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 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. The adoption of these new/revised FRS and INT FRS does not result in substantial change to the Group's and Company's accounting policies or have any significant impact on the 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 period, after deducting any provision for preference dividends.**

Basic Earnings Per Share

	THE GROUP	
	2014	2013
Net profit attributable to equity holders of the Company (RM'000)	3,224	1,635
Weighted average number of ordinary shares in issue ('000)	226,818	226,818
Earnings per share (RM sen)	<u>1.4</u>	<u>0.7</u>

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive instruments in issue during the financial period.



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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.

	The Group		The 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 per ordinary share (RM sen)	19.7	18.3	67.6	68.3

Net asset value per ordinary share of the Group and the Company was calculated based on 226,817,819 shares (2013: 226,817,819 shares) in issue at the end of the financial year/period.

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.

Review of Financial Performance

Revenue

Revenue increased by approximately RM1.2 million, or 1.6% from approximately RM78.2 million in 1H2013 to approximately RM79.4 million in 1H2014.

Gross profit and gross profit margin

Gross profit increased by approximately RM0.4 million, or 0.7% from approximately RM54.2 million in 1H2013 to approximately RM54.6 million in 1H2014, which is in line with the increase in revenue. Gross profit margin remained at approximately 69% in 1H2013 and 1H2014.

Other Credits

The other credits in 1H2014 were mainly due to gain from the disposal of property and equipment in two of our outlets to our franchisees.



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Marketing and Distribution Costs

Marketing and distribution costs decreased by approximately RM0.6 million, or 15% from approximately RM3.7 million in 1H2013 to approximately RM3.1 million in 1H2014. The decrease in marketing and distribution costs was mainly due to reduction in advertising and marketing expenses, offset by the higher royalties paid to franchisors/licensors as a result of the increase in the revenue for franchises/licences.

Administrative expenses

Administrative expenses decreased by approximately RM0.7 million, or 1.5% from approximately RM43.8 million in 1H2013 to approximately RM43.1 million in 1H2014. The decrease was attributable to lower staff costs due to lower head count, operating supplies and other administrative expenses due to better cost management, offset by higher rental and utilities.

Other charges

The other charges were due to equipment written off in 1H2013 which was not recurring in 1H2014.

Other expenses

Other expenses, which consists of depreciation and amortisation of franchise fees decreased by approximately RM0.2 million or 6.9% from approximately RM3.4 million in 1H2013 to approximately RM3.2 million in 1H2014. The decrease in other expenses was mainly due to the lower depreciation of property and equipment as certain property and equipment were impaired and written off in FY 2013.

Income tax

Income tax expense increased by approximately RM0.6 million, or 85.7% from approximately RM0.7 million in 1H2013 to approximately RM1.3 million in 1H2014, which is in line with the increase in profit.



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Review of Financial Position

Non-current assets

Intangible assets decreased from RM10.6 million as at 31 December 2013 to RM9.7 million as at 30 June 2014 due to amortisation of franchise fees.

Current assets

Other assets relate to (i) deposits placed with the lessors for the leases of the Group's outlets which are due within one year, (ii) prepayments and booking fees for the identified sites, (iii) prepayments to Group's suppliers, and (iv) advance payment to overseas operations for their working capital. The increase from RM7.2 million as at 31 December 2013 to RM13.0 million as at 30 June 2014 was mainly due to increase in security deposits, prepayment to suppliers for identified sites as well as advancement to overseas operations.

Current liabilities

Trade and other payables decreased from RM30.5 million as at 31 December 2013 to RM26.2 million as at 30 June 2014. The decrease was mainly due to settlement of amounts owing to contractors by term loans.

Other financial liabilities comprise of term loan, hire purchase, bills payables and bank overdraft facilities granted by financial institutions. The increase in bank borrowings from RM27.4 million as at 31 December 2013 to RM27.9 million as at 30 June 2014 due to of net drawdown of borrowings from the financial institutions during the period.

Provision for taxation

Provision for taxation increase by RM0.2 million, which is in line with the increase in the profit before tax.

Working capital

The Group's net current liabilities decreased by approximately RM7.6 million from approximately RM16.2 million as at 31 December 2013 to approximately RM8.6 million as at 30 June 2014 mainly due to the increase in other assets.

Non-current liabilities

Other financial liabilities mainly consist of term loans and hire purchase payables. The increase was mainly due to the increase in bank borrowings from RM15.8 million as at 31 December 2013 to RM16.3 million as at 30 June 2014 as a result of drawdown of term loans to finance the acquisition of equipment for outlets.



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Redeemable Exchangeable Bonds

Redeemable exchangeable bonds amounting to RM 2.6 million was issued on 25 April 2014 as per our announcement.

Review of Statement of Cash Flows

Cash flows from operating activities

Cash inflow from operating activities before working capital amounted to approximately RM8.3 million. Net cash used in operating activities of approximately RM1.0 million was mainly due to an increase in other assets of RM4.3 million, offset by a decrease in trade and other payables of RM4.3 million and payment of income tax of RM1.0 million.

Cash flows from investing activities

Net cash used in investing activities of approximately RM1.6 million was mainly due to the purchase of equipment of approximately RM2.9 million and offset by net proceeds from disposal of equipment to franchisees of approximately RM1.3 million.

Cash flows from financing activities

Net cash from financing activities of approximately RM0.5 million was mainly due to drawdown of term loan of approximately RM3.1 million as well as the proceeds from the issuance of redeemable exchangeable bonds of approximately RM2.5 million, offset by repayment of term loans of approximately RM2.7 million, repayment of bills payable of approximately RM0.7 million, repayment of finance lease payables of approximately RM0.2 million, increase in fixed deposits pledged to financial institutions of approximately RM0.5 million and payment of interest of approximately RM1.0 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.



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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 global macroeconomic environment remains uncertain. However, the outlook in South East Asia, where the Group primarily operates, appears resilient due to growing affluence and favourable demographics in the region.

The Group has embarked on Teh Tarik Place Franchising ('TTP') to transform itself from a pure owner operator to owner operator and franchisor. This business model will allow the Group to grow the number of outlets more rapidly and diversify the Group's earnings stream.

In terms of owner operated outlets, the Group's expansion plan will be focused in China and Indonesia. In addition, the Group will continue to focus its efforts on cost management to enhance the overall profitability of the Group which is also reflected in our 1H2014 results.

Barring any unforeseen circumstances, the Group is cautiously optimistic of its performance in the next 12 months.

11. Dividend

(a) Current Financial period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial period

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the half year ended 30 June 2014.



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13. Interested Person Transactions

The Group does not have any general mandate from shareholders for Interested Person Transactions.

14. Use of Placement proceeds

As at 30 June 2014, the use of the proceeds from the issuance of initial tranche Redeemable Exchangeable Bonds ("Exchangeable Bonds") of S\$1.0 million (approximately RM2.55 million) has been utilised as follows:

Use of Proceeds from Exchangeable Bonds	Amount Allocated RM'000	Amount Utilised RM'000	Balance RM'000
Capital expenditure and working capital for outlets expansion in China and/or Indonesia	2,125	-	2,125
Expenses relating to the Exchangeable Bonds	425	396	29
TOTAL	2,550	396	2,154

The above utilisation of the proceeds from the issuance of Exchangeable Bonds is consistent with the intended uses as disclosed in the Circular to shareholders. The Company will continue to make periodic announcements on the utilisation of proceeds raised from the issuance of Exchangeable Bonds as and when such proceeds are materially utilised.



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15. Negative confirmation on pursuant to Rule 705(5)

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for the Half Year Ended 30 June 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ng Teck Wah
Non-Executive Chairman

Andrew Roach Reddy
Managing Director

By order of the Board
Ng Teck Wah
Non-Executive Chairman

14 August 2014

This Announcement and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("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 and Sponsor assume 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 Eric Wong (Director, Corporate Finance), CIMB Bank Berhad, Singapore Branch, 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 63375115.