

Second Quarter and Half Year Financial Statements And Dividend Announcement For The Period Ended 30 June 2014

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

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.

Statement of Profit or Loss and Other Comprehensive Income

	Group			Group		
	2Q 2014 S\$'000	2Q 2013 S\$'000	Change %	1H 2014 S\$'000	1H 2013 S\$'000	Change %
Revenue	25,298	23,854	6.1	50,279	47,056	6.8
Cost of sales (Note 1)	(13,503)	(12,391)	9.0	(27,585)	(24,672)	11.8
Gross profit	11,795	11,463	2.9	22,694	22,384	1.4
Other income (Note 2)	314	210	49.5	949	595	59.5
Selling, distribution and outlet expenses	(6,769)	(6,348)	6.6	(13,617)	(12,544)	8.6
Administrative expenses	(2,914)	(3,110)	(6.3)	(5,756)	(5,921)	(2.8)
Other expenses (Note 3)	(148)	(94)	57.4	(166)	(225)	(26.2)
Finance costs (Note 4)	(3)	-	n.a.	(4)	(2)	100.0
Profit before tax	2,275	2,121	7.3	4,100	4,287	(4.4)
Income tax expense	(500)	(535)	(6.5)	(836)	(920)	(9.1)
Profit for the period	1,775	1,586	11.9	3,264	3,367	(3.1)
Other comprehensive income:						
<u>Items that are or may be reclassified subsequently to profit or loss:</u>						
Currency translation differences	(2)	(16)	(87.5)	65	(6)	n.m.
Other comprehensive (loss)/income for the period, net of tax	(2)	(16)	(87.5)	65	(6)	n.m.
Total comprehensive income for the period, net of tax	1,773	1,570	12.9	3,329	3,361	(1.0)
Profit attributable to:						
Owners of the Company	1,848	1,941	(4.8)	3,467	3,831	(9.5)
Non-controlling interests	(73)	(355)	(79.4)	(203)	(464)	(56.3)
Profit for the period	1,775	1,586	11.9	3,264	3,367	(3.1)
Total comprehensive income attributable to:						
Owners of the Company	1,842	1,949	(5.5)	3,528	3,840	(8.1)
Non-controlling interests	(69)	(379)	(81.8)	(199)	(479)	(58.5)
Total comprehensive income for the period, net of tax	1,773	1,570	12.9	3,329	3,361	(1.0)

n.m.: not meaningful

1(a)(ii) Notes to the Statement of Profit or Loss and Other Comprehensive Income:

	Group			Group		
	2Q 2014 S\$'000	2Q 2013 S\$'000	Change %	1H 2014 S\$'000	1H 2013 S\$'000	Change %
Profit for the period include the following:						
Other income including interest income and foreign exchange gain, net (<i>Note 2</i>)	314	210	49.5	949	595	59.5
Depreciation and amortisation	(816)	(725)	12.6	(1,621)	(1,413)	14.7
Foreign exchange loss, net	-	(23)	(100.0)	-	-	n.a.
Property, plant and equipment written off (<i>Note 3</i>)	(86)	(69)	24.6	(97)	(179)	(45.8)
Allowances for doubtful trade receivables	-	-	n.a.	-	(6)	(100.0)
Write-back of allowance for inventories obsolescences	-	-	n.a.	-	2	(100.0)
Loss on disposal of property, plant and equipment, net	(1)	(2)	(50.0)	(1)	(1)	-
Write-off for inventories	(38)	(17)	n.m.	(46)	(20)	n.m.
Allowances for doubtful non-trade receivables	(10)	-	n.a.	(10)	-	n.a.

Note:

- (1) The increase in cost of sales was mainly attributed to the restaurant operations in Singapore.
- (2) The increase in other income for the quarter ended 30 June 2014 ("2Q 2014") was due mainly to higher interest income and foreign exchange gain. The increase in other income for the half-year ended 30 June 2014 ("1H 2014") was due mainly to the wage credit received in 1Q 2014.
- (3) The increase in other expenses for 2Q 2014 was mainly attributed to plant and equipment written off and reinstatement costs arising from the closure of outlets. The decrease in other expenses for 1H 2014 was due mainly to lower plant and equipment write-off as compared to the same period last year ("1H 2013").
- (4) The higher finance costs in 2Q 2014 and 1H 2014 were due to higher borrowings taken up by the Malaysian subsidiary.

n.a.: not applicable
n.m.: not meaningful

Statements of financial position

	Group		Company	
	30-Jun-14 S\$'000	31-Dec-13 S\$'000	30-Jun-14 S\$'000	31-Dec-13 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	20,438	21,470	8,949	9,651
Investment properties	3,352	3,412	1,132	1,150
Intangible assets (Note 5)	545	620	157	174
Investments in subsidiaries	-	-	5,149	5,469
Investments in associated companies	-	-	-	-
Held-to-maturity financial assets	1	1	1	1
Available-for-sale financial assets	35	35	35	35
Loans to subsidiaries	-	-	7,399	7,639
Total non-current assets	24,371	25,538	22,822	24,119
Current assets				
Inventories	2,085	2,303	1,440	1,450
Trade receivables (Note 6)	1,426	1,222	1,020	911
Other receivables (Note 7)	6,299	5,872	5,148	4,574
Fixed deposits (Note 8)	30,567	40,127	29,287	39,444
Cash and bank balances (Note 8)	48,695	39,792	36,987	26,645
Total current assets	89,072	89,316	73,882	73,024
Total assets	113,443	114,854	96,704	97,143
EQUITY AND LIABILITIES				
Equity				
Share capital	43,299	43,299	43,299	43,299
Other reserves	(299)	(360)	-	-
Accumulated profits	51,121	50,669	39,546	40,130
Equity attributable to owners of the Company	94,121	93,608	82,845	83,429
Non-controlling interests	3,382	3,581	-	-
Total equity	97,503	97,189	82,845	83,429
Non-current liability				
Deferred tax liabilities	1,277	1,274	600	600
Total non-current liability	1,277	1,274	600	600
Current liabilities				
Trade payables (Note 9)	4,203	5,280	3,015	3,512
Other payables (Note 10)	8,227	9,296	8,821	8,102
Borrowings (Note 11)	297	-	-	-
Tax payable	1,936	1,815	1,423	1,500
Total current liabilities	14,663	16,391	13,259	13,114
Total liabilities	15,940	17,665	13,859	13,714
Total equity and liabilities	113,443	114,854	96,704	97,143

Notes to the Statements of financial position:*Note:*

- (5) The reduction in intangible assets was mainly due to the amortisation charge for 1H 2014.
- (6) The increase in trade receivables of the Company was mainly due to advance payment to a supplier. In addition, the increase in trade receivables of the Group was due to higher receivables arising from sales to franchisees.
- (7) The increase in other receivables of the Company was mainly due to increase in rental deposits, prepayments for new outlet renovations and upgrade of equipment.
- (8) The decrease in fixed deposits was due to the withdrawal of fixed deposit upon maturity, hence there was a corresponding increase in bank balances at the Company.
- (9) The reduction in trade payables was due to settlement of payables and lower purchases in June as compared to year end.
- (10) The reduction in other payables was mainly due to settlement of payables relating to new outlet renovations and higher accrued expenses at year end. The increase in other payables of the Company was mainly due to increase in payables to subsidiaries.
- (11) The increase in borrowings of the Group was due to short term borrowings taken up by a Malaysian subsidiary.

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

Amount repayable in one year or less, or on demand

As at 30-Jun-14	
Secured	Unsecured
S\$'000	S\$'000
297	-

As at 31-Dec-13	
Secured	Unsecured
S\$'000	S\$'000
-	-

Amount repayable after one year

As at 30-Jun-14	
Secured	Unsecured
S\$'000	S\$'000
-	-

As at 31-Dec-13	
Secured	Unsecured
S\$'000	S\$'000
-	-

1(b)(ii) Details of collaterals

The Group's borrowings are secured by legal charges over certain properties and pledges of fixed deposits of the Group's Malaysian subsidiary; joint and several corporate guarantees from its holding company (which is a wholly-owned subsidiary of the Company) and the Company.

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.

Statement of cash flows

	Group		Group	
	2Q 2014 S\$'000	2Q 2013 S\$'000	1H 2014 S\$'000	1H 2013 S\$'000
Cash flows from operating activities				
Profit before tax	2,275	2,121	4,100	4,287
<i>Adjustments for:</i>				
Depreciation and amortisation	816	725	1,621	1,413
Loss on disposal of property, plant and equipment, net	1	2	1	1
Share option expenses	-	(1)	-	(1)
Property, plant and equipment written off	86	69	97	179
Unrealised foreign exchange loss/(gain)	43	(70)	57	(134)
Interest expense	3	-	4	2
Interest income	(96)	(62)	(183)	(121)
Operating cash flows before movements in working capital	3,128	2,784	5,697	5,626
<i>Changes in working capital:</i>				
Inventories	(233)	(46)	334	458
Trade and other receivables	90	(184)	(465)	(1,210)
Trade and other payables	(204)	1,885	(2,256)	1,297
Cash from operations	2,781	4,439	3,310	6,171
Income tax paid	(625)	(518)	(883)	(498)
Net cash generated from operating activities	2,156	3,921	2,427	5,673
Cash flows from investing activities				
Interest received	96	62	183	121
Purchase of property, plant and equipment	(381)	(1,494)	(533)	(2,038)
Proceeds from disposal of property, plant and equipment	-	(2)	-	2
Translation differences	(37)	-	44	(22)
Net cash used in investing activities	(322)	(1,434)	(306)	(1,937)
Cash flows from financing activities				
Interest paid	(3)	-	(4)	(2)
Proceeds from/(Repayments of) short term borrowings, net	88	(181)	297	1
Repayment of finance lease obligations	-	(1)	-	(2)
Funds withdrawn from non-liquid deposits	-	-	217	-
Proceeds from exercise of employee share options	-	31	-	31
Contributions by non-controlling interests	-	-	-	3,864
Dividend paid to shareholders	(3,015)	(2,009)	(3,015)	(2,009)
Dividend paid to non-controlling interests	-	(8)	-	(8)
Net cash (used in)/generated from financing activities	(2,930)	(2,168)	(2,505)	1,875
Net (decrease)/increase in cash and cash equivalents	(1,096)	319	(384)	5,611
Cash and cash equivalents at beginning of financial period/year	80,299	76,686	79,601	71,330
Effect of exchange rate fluctuations on cash and cash equivalents	(43)	70	(57)	134
Cash and cash equivalents at end of financial period	79,160	77,075	79,160	77,075
Cash and cash equivalents comprise:				
Fixed deposits	30,567	31,649	30,567	31,649
Cash and bank balances	48,695	45,745	48,695	45,745
	79,262	77,394	79,262	77,394
Less: funds placed in non-liquid deposits	(102)	(319)	(102)	(319)
	79,160	77,075	79,160	77,075

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.

Statement of changes in equity

Group	Total Equity S\$'000	Equity attributable to owners of the Company S\$'000	Share Capital S\$'000	Other Reserves S\$'000	Accumulated Profits S\$'000	Non-controlling Interests S\$'000
Balance at 1 January 2014	97,189	93,608	43,299	(360)	50,669	3,581
Profit for the period	3,264	3,467	-	-	3,467	(203)
<i>Other comprehensive income:</i>						
Currency translation differences	65	61	-	61	-	4
Other comprehensive income for the period, net of tax	65	61	-	61	-	4
Total comprehensive income for the period	3,329	3,528	-	61	3,467	(199)
Distributions to owners of the Company						
Tax exempt (1-tier) final dividend of 1.5 cents per share for the financial year ended 31 December 2013	(3,015)	(3,015)	-	-	(3,015)	-
Balance at 30 June 2014	97,503	94,121	43,299	(299)	51,121	3,382
Balance at 1 January 2013	89,708	92,256	43,264	(567)	49,559	(2,548)
Profit for the period	3,367	3,831	-	-	3,831	(464)
<i>Other comprehensive income:</i>						
Currency translation differences	(6)	9	-	9	-	(15)
Other comprehensive income for the period, net of tax	(6)	9	-	9	-	(15)
Total comprehensive income for the period	3,361	3,840	-	9	3,831	(479)
Distributions to owners of the Company						
Tax exempt (1-tier) final dividend of 1.0 cent per share for the financial year ended 31 December 2012	(2,009)	(2,009)	-	-	(2,009)	-
Exercise of employee share options	30	30	35	(5)	-	-
Dividend paid to non-controlling interests	(8)	-	-	-	-	(8)
Total distributions to owners of the Company	(1,987)	(1,979)	35	(5)	(2,009)	(8)
Changes in ownership interests in subsidiaries						
Contribution by non-controlling interests	3,864	(2)	-	-	(2)	3,866
Total changes in ownership interests in subsidiaries	3,864	(2)	-	-	(2)	3,866
Total transactions with owners of the Company	1,877	(1,981)	35	(5)	(2,011)	3,858
Balance at 30 June 2013	94,946	94,115	43,299	(563)	51,379	831

1(d)(i) **Statement of changes in equity** (cont'd)

Company	Total Equity S\$'000	Share Capital S\$'000	Other Reserves S\$'000	Accumulated Profits S\$'000
Balance at 1 January 2014	83,429	43,299	-	40,130
Profit and total comprehensive income for the period	2,431	-	-	2,431
Tax exempt (1-tier) final dividend of 1.5 cents per share for the financial year ended 31 December 2013	(3,015)	-	-	(3,015)
Balance at 30 June 2014	82,845	43,299	-	39,546
Balance at 1 January 2013	81,646	43,264	5	38,377
Profit and total comprehensive income for the period	1,609	-	-	1,609
Tax exempt (1-tier) final dividend of 1.0 cent per share for the financial year ended 31 December 2012	(2,009)	-	-	(2,009)
Exercise of employee share options	30	35	(5)	-
Balance at 30 June 2013	81,276	43,299	-	37,977

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.**

There were no movements in the share capital of the Company from 31 March 2014 to 30 June 2014.

There were no outstanding convertibles instruments which may be converted to shares as at 30 June 2014 and 30 June 2013. There were no treasury shares held 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.**

Total number of issued shares excluding treasury shares

30-Jun-14 '000	31-Dec-13 '000
200,996	200,996

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 been reviewed in accordance with the Singapore Standard on Review Engagements 2410.

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

Reproduced below the auditor's unmodified review report:-

REVIEW OF INTERIM FINANCIAL INFORMATION AS OF AND FOR THE HALF YEAR ENDED 30 JUNE 2014

Introduction

We have reviewed the accompanying statements of financial position of ABR Holdings Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2014, and the statements of changes in equity of the Company and Group for the half year then ended and the statement of profit or loss and other comprehensive income and statement of cash flows for the Group for the half year then ended, and a summary of significant changes in accounting policies and other explanatory notes as required by Appendix 7.2 of the Singapore Exchange Securities Trading Limited Listing Manual (the "Listing Manual"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the Listing Manual. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Company and Group as at 30 June 2014, changes in equity of the Group and the Company for the six months period then ended and of the financial performance and cash flows of the Group for the half year then ended in accordance with Appendix 7.2 of the Listing Manual.

Signed

Baker Tilly TFW LLP

Public Accountants and
Chartered Accountants
Singapore

13 August 2014

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 has applied the same accounting policies and methods of computation as in the most recently audited financial statements for the year ended 31 December 2013, except for the adoption of certain new/revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that became mandatory from 1 January 2014. The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial information.

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.

Please refer to item 4 above.

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 based on net profit attributable to shareholders

i) Based on weighted average number of ordinary shares on issue

ii) On a fully diluted basis

Group figures			
2Q 2014	2Q 2013	1H 2014	1H 2013
cents	cents	cents	cents
0.92	0.97	1.72	1.91
0.92	0.97	1.72	1.91

- 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.**

Net Asset Value per ordinary share based on total number of issued shares excluding treasury shares at the end of the financial period/year (cents)

Group		Company	
30-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
46.8	46.6	41.2	41.5

- 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.**

8(a) **Review of the performance of the group.**

2Q 2014 vs 2Q 2013

Group revenue for the second quarter ended 30 June 2014 ("2Q 2014") grew 6% to \$25.3 million when compared to \$23.9 million for the same period last year ("2Q 2013"). The increase was largely from the Group's operations in Singapore and was mainly attributable to the contributions from the new outlets which commenced operations in 2H 2013. The Group's Malaysian operations also registered growth in revenue.

Group profit before tax for 2Q 2014 grew 7% to \$2.3 million when compared to \$2.1 million in 2Q 2013. The increase in profit was mainly attributed to improved profit contribution from the operations in Malaysia along with reduced losses from the restaurant operations in the PRC. The restaurant operation in Singapore continues to be the main profit contributor, however its profit contribution was impacted by higher operating costs.

Group profit after tax for 2Q 2014 was \$1.8 million, an increase of 12% as compared to \$1.6 million in 2Q 2013. After deducting the share of losses attributable to non-controlling interests, the Group recorded a profit attributable to owners of the Company of \$1.8 million, 5% lower than \$1.9 million in 2Q 2013.

1H 2014 vs 1H 2013

Group revenue for the first half-year ended 30 June 2014 ("1H 2014") increased by 7% to \$50.3 million when compared to \$47.1 million for the same period last year ("1H 2013"). The increase was mainly attributable to the Group's operations in Singapore along with the Malaysian operations.

Group profit before tax was \$4.1 million for 1H 2014, a reduction of 4% as compared to \$4.3 million for 1H 2013. The restaurant operation in Singapore recorded a lower profit contribution due to the impact of higher operating costs.

The Group recorded a profit after tax of \$3.3 million in 1H 2014, a decrease of 3% as compared to \$3.4 million in 1H 2013. After deducting the share of losses attributable to non-controlling interests, the Group recorded a profit attributable to owners of the Company of \$3.5 million, 10% lower when compared to \$3.8 million in 1H 2013.

8(b) **Material factors that affect the Group's cash flow, working capital, assets and liabilities.**

The Group generated operating cash flow of \$2.2 million in 2Q 2014. Net cash used in investing activities was mainly for the purchase of plant and equipment of \$0.4 million and net cash used in financing activities was mainly due to the payment of dividend to shareholders of \$3.0 million. Overall, the cash and cash equivalents of the Group were lower by \$1.1 million in 2Q 2014.

For 1H 2014, cash flow generated from operating activities before working capital changes was \$5.7 million. The net cash used in funding working capital changes of \$2.4 million was mainly due to settlement of trade and other payables in 1Q 2014. Net cash used in investing activities was mainly for the purchase of plant and equipment of \$0.5 million. Net cash used in financing activities was mainly due to the payment of dividend to shareholders of \$3.0 million. Overall, the cash and cash equivalents of the Group were reduced by \$0.4 million in 1H 2014 to \$79.2 million as at 30 June 2014.

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

The current announced results are in line with the prospect statement previously disclosed in the Group's 1Q 2014 results announcement made on 12 May 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 Group expects the operating environment to remain challenging. Besides strong competition, the rising operating costs, in particular from rental and manpower costs will continue to exert pressure on the profit margin. The Group will remain focused on driving revenue, managing its operating costs and improving productivity and efficiency.

The Group will also continue to explore new investment opportunities for growth.

11 **Dividend**

(a) Current Financial Period Reported On

Any dividend declared / recommended for the current financial period reported on? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend per share	1 cent
Tax rate	Tax exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend per share	1 cent
Tax rate	Tax exempt (1-tier)

(c) Date payable

The dividend payable date shall be determined later.

(d) Books closure date

The books closure date shall be announced later.

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

Not applicable.

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 has not obtained a general mandate from shareholders for Interested Person Transactions ("IPT").

14 **Negative confirmation pursuant to Rule 705(5).**

On behalf of the Board, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial information for the second quarter and half year ended 30 June 2014 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Chua Tiang Choon, Keith
Executive Chairman

Ang Yee Lim
Managing Director

Singapore
13 August 2014