

PAVILLON HOLDINGS LTD

Second Half-Year Results Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR RESULTS 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 the 6 months ended 30 September 2014

	Group		
	S\$'000	S\$'000	%
	Apr 2014 - Sep 2014	Apr 2013 - Sep 2013	Increase/ (Decrease)
Revenue	8,741	10,105	(13)
Other items of income			
Interest income	497	926	(46)
Other income	38	187	(80)
Items of expenses			
Raw materials and changes in stocks	(2,877)	(3,322)	(13)
Personnel costs	(4,429)	(3,889)	14
Depreciation expense	(392)	(530)	(26)
Net foreign exchange gain/(loss)	(17)	78	NM
Finance costs	-	-	NM
Other expenses	(2,843)	(2,870)	(1)
(Loss)/profit before taxation (Note 1)	(1,282)	685	NM
Income tax expense (Note 2)	68	(98)	NM
(Loss)/profit after taxation	(1,214)	587	NM
Other comprehensive income			
Foreign currency translation gain	13	43	(70)
Total comprehensive income for the period attributable to owners of the Company	(1,201)	630	NM
Earnings per share attributable to owners of the Company	Cts	Cts	
Basic	(0.31)	0.28	NM
Diluted	(0.31)	0.28	NM

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

	Group		
	S\$'000	S\$'000	%
	Apr 2014 - Sep 2014	Apr 2013 - Sep 2013	Increase/ (Decrease)
Property, plant and equipment written off	143	-	NM
Gain on disposal of a subsidiary company	-	(2)	NM
Impairment loss on trade debtors	10	314	(97)
Interest income	(497)	(926)	(46)

Note 2: Taxation

	Group		
	S\$'000	S\$'000	%
	Apr 2014 - Sep 2014	Apr 2013 - Sep 2013	Increase/ (Decrease)
Current period	40	(196)	NM
Over provision in respect of prior years	28	98	(71)
Total	68	(98)	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	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	3,407	2,451	6	-
Investments in subsidiary companies	-	-	2,690	2,061
Other debtors	75	80	76	80
Deposits	523	552	-	-
	4,005	3,083	2,772	2,141
Current assets				
Stocks	1,315	1,979	-	-
Trade debtors	43	116	16	17
Other debtors	303	855	207	667
Deposits	500	300	448	-
Prepayments	43	74	13	13
Amounts due from subsidiary companies (trade)	-	-	1,172	1,311
Amounts due from subsidiary companies (non-trade)	-	-	1,171	2,470
Derivative asset	-	948	-	948
Loan receivables	6,000	5,856	6,000	5,856
Cash and bank balances	34,492	10,303	30,891	4,859
Total current assets	42,696	20,431	39,918	16,141
Total assets	46,701	23,514	42,690	18,282
EQUITY AND LIABILITIES				
Current liabilities				
Trade creditors	331	948	-	-
Other creditors and accruals	1,870	1,695	546	521
Franchise deposits	10	50	10	50
Deferred rental income	16	15	-	-
Deferred revenue	1,558	1,678	-	-
Income tax payable	240	350	189	158
Total current liabilities	4,025	4,736	745	729
Net current assets	38,671	15,695	39,173	15,412
Non-current liabilities				
Deferred tax liabilities	110	110	-	-
Franchise deposits	140	100	140	100
Deferred rental income	16	33	-	-
Total non-current liabilities	266	243	140	100
Total liabilities	4,291	4,979	885	829
Net assets	42,410	18,535	41,805	17,453

	Group		Company	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	S\$'000	S\$'000	S\$'000	S\$'000
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	(238)	(259)	-	-
Revenue reserve	2,489	3,475	2,372	2,860
	42,368	18,493	41,805	17,453
Non-controlling interests	42	42	-	-
Total Equity	42,410	18,535	41,805	17,453
Total Equity and Liabilities	46,701	23,514	42,690	18,282

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

None

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	
	Apr 2014 - Sep 2014	Apr 2013 - Sep 2013
	S\$'000	S\$'000
Cash flows from operating activities :		
(Loss)/profit before taxation	(1,282)	685
Adjustments for :		
Write back of impairment loss on property, plant and equipment	-	(58)
Property, plant and equipment written off	143	-
Depreciation of property, plant and equipment	392	530
Interest income	(497)	(926)
Fair value gain on derivative asset	-	(97)
Impairment loss on trade debtors	10	314
Translation differences	(13)	(127)
Operating (loss)/profit before working capital	(1,247)	321
(Increase)/decrease in:		
Stocks	650	(739)
Trade debtors	2	(222)
Other debtors, deposits and prepayments	(62)	(191)
Increase/(decrease) in:		
Trade creditors	(62)	621
Other creditors and accruals	617	67
Cash flows used in operations	(102)	(143)
Taxes paid	(179)	(296)
Cash flows used in operating activities	(281)	(439)
Cash flows from investing activities		
Interest received	317	123
Loan receivables	-	(4,000)
Purchase of property, plant and equipment	(928)	(257)
Proceeds from disposal of property, plant and equipment	-	2
Net cash flows used in investing activities	(611)	(4,132)

	Group	
	Apr 2014 - Sep 2014	Apr 2013 - Sep 2013
Cash flows from financing activities	S\$'000	S\$'000
Payment of dividends to shareholders	-	-
Net cash flows generated from / (used in) financing activities	-	-
Net decrease in cash and cash equivalents	(892)	(4,571)
Cash and cash equivalents at beginning of the period	35,358	14,715
Effects of exchange rates on cash	26	159
Cash and cash equivalents at end of the period	34,492	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.

Attributable to owners of the Company

	Share capital	Reserve fund	Revenue reserve	Foreign currency translation reserve	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP							
2014							
Balance as at 1 April 2014	39,433	684	3,703	(251)	43,569	42	43,611
Loss for the period	-	-	(1,214)	-	(1,214)	-	(1,214)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	13	13	-	13
Total other comprehensive income for the period, net of tax	-	-	-	13	13	-	13
Total comprehensive income for the period	-	-	(1,214)	13	(1,201)	-	(1,201)
Balance as at 30 September 2014	39,433	684	2,489	(238)	42,368	42	42,410
2013							
Balance as at 1 April 2013	14,593	733	2,839	(302)	17,863	42	17,905
Profit for the period	-	-	587	-	587	-	587
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	43	43	-	43
Total other comprehensive income for the period, net of tax	-	-	-	43	43	-	43
Total comprehensive income for the period	-	-	587	43	630	-	630
<u>Others</u>							
Transfer from reserve fund	-	(49)	49	-	-	-	-
Total others	-	(49)	49	-	-	-	-
Balance as at 30 September 2013	14,593	684	3,475	(259)	18,493	42	18,535

COMPANY	Share capital	Revenue reserve	Total equity
2014	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2014	39,433	2,969	42,402
Loss for the period, representing total comprehensive income for the period	-	(597)	(597)
Balance as at 30 September 2014	39,433	2,372	41,805
2013			
Balance as at 1 April 2013	14,593	926	15,519
Profit for the period, representing total comprehensive income for the period	-	1,934	1,934
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.

Issued Share Capital

	No. of shares	Capital (S\$)
Balance as at beginning and end of the period	387,748,700	39,433,461

There is no outstanding convertibles 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.

1(d)(iii) Total number of issued shares excluding treasury shares as at

	30/9/2014	30/9/2013
Balance as at beginning and end of the period	387,748,700	207,748,700

1(d)(iv) Treasury shares as at

	30/9/2014	30/9/2013
Balance as at beginning and end of the period	-	-

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 reporting period as compared to the audited financial statements as at 30 September 2013, except that the Group has adopted new 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.

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:-

	Group	
	Apr 2014 - Sep 2014	Apr 2013 - Sep 2013
Profit per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares on issue	-0.31 cts	0.28 cts
(ii) On a fully diluted basis (To disclose the basis used in arriving at the weighted average number of shares for the purposes of (6)(i) above and to provide details of any adjustments made for the purpose of (6)(ii) above)	-0.31 cts	0.28 cts

Note to 6(i) and 6 (ii)

Basic and fully diluted earnings per share is calculated by dividing the Group's net (loss)/profit attributable to equity holders of the Company amounting to S\$(1,214k) (2013: S\$586k) by the weighted average number of ordinary shares in issue as at 30 September 2014 of 387,748,700 (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 30/9/2014	As at 30/09/2013	As at 30/9/2014	As at 30/09/2013
Net asset value per ordinary share	10.94 cts	8.90 cts	10.78 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 (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 decreased by approximately S\$1.4m mainly attributable to lower high-end F&B spending in the PRC and keen competition in the Singapore F&B scene. Interest income from loan receivables decreased by approximately S\$0.4m mainly due to lower interest rate. Other income decreased by approximately S\$0.1m mainly due to \$0.1m fair value gain recognised in the previous period.

Gross profit margin remained stable at 67%. Profit after taxation of S\$ 586k in the previous period turned into loss after taxation of S\$1.2m largely due to decrease in revenue as compared to the previous period, increase in personnel costs, decrease in interest income and fixed assets written off due to closure of an outlet in Shanghai.

Group's operating expenses

Raw materials used decreased by approximately S\$0.4m as a result of lower sales achieved during the period. Personnel costs increased by approximately S\$0.5m mainly due to increase in staff salaries and the number of directors. Other expenses remained at approximately S\$2.8m and depreciation expense decreased by approximately S\$0.1m mainly due to closure of an outlet in Shanghai.

Singapore

Revenue from Singapore operations decreased by approximately S\$1.1m as compared to the previous period mainly due to relocation of an outlet to a new site and keen competition in the F&B scene.

People's Republic of China

Turnover from the PRC restaurants decreased by approximately S\$0.3m as a result of moderation in high-end F&B spending.

Franchise operations

Franchise income for the period decreased by approximately S\$0.3m mainly due to a one off franchise fee recognised in the previous period and closure of franchise outlets in the PRC. The Group now has five franchise outlets. Two in the PRC, two in Vietnam and one in Indonesia.

Balance sheet

Property, plant and equipment increased by approximately S\$1.0m mainly due to capitalisation of reinstatement costs and purchase of motor vehicles.

Stocks decreased by approximately S\$0.7m mainly due to lower stock holdings as a result of lower sales. Other debtors and derivative asset decreased by approximately S\$1.5m mainly due to receipt of loan interest income. Cash and cash equivalents increased by approximately S\$24.2m mainly due to receipt of share placement proceeds.

Trade creditors decreased by approximately \$ 0.6m mainly due to lower purchases and timing of payments. Other creditors and accruals increased by approximately \$0.2m mainly due to provision for reinstatement costs.

Group's cash flow

Cash flows used in operating activities decreased by approximately S\$0.2m as compared to the previous period mainly due to loss incurred during the period being offset by decrease in working capital. Net cash flows used in investing activities decreased by approximately S\$3.5m mainly due to a S\$4.0m loan granted in the previous period.

To date, share placement proceeds of S\$24.8m 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 results announcement for the financial period ended 31 March 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 F&B industry in Singapore and the PRC is expected to remain competitive and challenging. Management is exploring opportunities to commence the business of property development and property investment in the region.

The Group expects to incur a net loss for the financial year (15 months) ending 31 December 2014.

11. Dividend**(a) Current Financial Period Reported On**

No dividend has been proposed for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend had been declared for the corresponding period of the immediately preceding financial year.

(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 proposed for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for Interested Party 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 that effect.

The Company and the Group do not have any general mandate from shareholders pursuant to Rule 920.

NEGATIVE ASSURANCE CONFIRMATION ON HALF YEAR FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the 6 months ended 30 September 2014 of the Group and the Company to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

John Chen Seow Phun
Executive Chairman
12-Nov-14