

HLH GROUP LIMITED
(Co. Registration No. 199905292D)
Unaudited Second Quarter Financial Statement and Related Announcement for the Period Ended 30 June 2014
Part 1 - Information required for announcements of quarterly (Q1, Q2 & Q3), half-year and full year results

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

Consolidated Statement of Comprehensive Income

	<----- Group ----->					
	Quarter ended 30 June			Half-year ended 30 June		
	2014 S\$'000	2013 S\$'000	Change %	2014 S\$'000	2013 S\$'000	Change %
Revenue	1,604	2,164	(26)	4,469	3,197	40
Cost of sales	(531)	(2,232)	(76)	(2,531)	(3,355)	(25)
Gross profit/(loss)	1,073	(68)	NM	1,938	(158)	NM
Other income	(244)	40	NM	49,670	163	>100
Distribution and selling expenses	(9)	(20)	(55)	(17)	(35)	(51)
Administrative expenses	(1,199)	(1,390)	(14)	(2,313)	(2,799)	(17)
Other expenses	(7)	(8)	(13)	(7)	(11)	(36)
Finance costs	(64)	(86)	(26)	(124)	(171)	(27)
Profit/(Loss) before taxation	(450)	(1,532)	NM	49,147	(3,011)	NM
Income tax expenses	43	(9)	NM	(6,612)	(9)	>100
Net profit/(loss) for the period {note (i)}	(407)	(1,541)	NM	42,535	(3,020)	NM
Other comprehensive income						
Foreign currency translation	(236)	241	NM	(539)	383	NM
Exchange differences on monetary items forming part of net investment in a foreign operation	(321)	425	NM	(427)	714	NM
Other comprehensive income for the period, net of tax	(557)	666	NM	(966)	1,097	NM
Total comprehensive income for the period	(964)	(875)	NM	41,569	(1,923)	NM
Net profit/(loss) attributable to:						
Owners of the parent	(403)	(1,538)	NM	42,542	(3,014)	NM
Non-controlling interests	(4)	(3)	NM	(7)	(6)	NM
	(407)	(1,541)	NM	42,535	(3,020)	NM
Total comprehensive income attributable to:						
Owners of the parent	(959)	(877)	NM	41,582	(1,925)	NM
Non-controlling interests	(5)	2	NM	(13)	2	NM
	(964)	(875)	NM	41,569	(1,923)	NM

NM - Not meaningful

Note (i) – Net profit/(loss) for the period

This is determined after charging / (crediting) the followings:

	<----- Group ----->			
	Quarter ended		Half-year ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Fair value loss/(gain) on held for trading investment securities	1	-	1	(1)
Gain on change in fair value of investment properties	318	-	(49,421)	-
(Gain)/Loss on change in fair value of agricultural produce	(208)	-	(155)	93
Gain on disposal of property, plant and equipment	-	(10)	(22)	(10)
Interest income	(27)	(19)	(29)	(40)
Net foreign exchange loss/(gain)	26	18	33	(32)
Depreciation of property, plant and equipment	542	597	1,083	1,197

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets

	Group		Company	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current assets				
Property, plant and equipment	24,677	44,580	67	76
Investment properties	68,484	276	276	276
Investments in subsidiaries	-	-	1,000	1,000
	93,161	44,856	1,343	1,352
Current assets				
Inventories	980	2,766	-	-
Biological assets	-	83	-	-
Trade receivables	2,157	277	-	-
Other receivables, deposits and prepayments	3,075	733	4	28
Amounts due from subsidiaries	-	-	84,790	79,671
Amounts due from non-controlling shareholders	1,100	1,100	-	-
Investment securities	626	635	624	633
Cash and cash equivalents	6,028	10,098	2,913	6,305
	13,966	15,692	88,331	86,637
Total assets	107,127	60,548	89,674	87,989
Equity and liabilities				
Current liabilities				
Trade payables	158	334	-	-
Other payables and accruals	2,345	2,699	284	379
Amounts due to subsidiaries	-	-	12,760	11,067
Provision for taxation	80	195	2	2
Loans and borrowings	2,031	2,012	-	-
	4,614	5,240	13,046	11,448
Net current assets	9,352	10,452	75,285	75,189
Non-current liabilities				
Deferred tax liabilities	6,550	-	-	-
Loans and borrowings	1,301	2,215	-	-
	7,851	2,215	-	-
Total liabilities	12,465	7,455	13,046	11,448
Net assets	94,662	53,093	76,628	76,541
Equity attributable to owners of the parent				
Share capital	105,426	105,426	105,426	105,426
Other reserves	(2,283)	(1,323)	(459)	(459)
Accumulated losses	(9,883)	(52,425)	(28,339)	(28,426)
	93,260	51,678	76,628	76,541
Non-controlling interests	1,402	1,415	-	-
Total equity	94,662	53,093	76,628	76,541
Total equity and liabilities	107,127	60,548	89,674	87,989

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

	As at 30.06.2014		As at 31.12.2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	2,031	-	2,012	-
Amount repayable after one year	1,301	-	2,215	-

Details of any collaterals

As at 30 June 2014, the Group's borrowings were secured by way of the followings:-

- Charge and assignment over all bank accounts of a subsidiary;
- Assignment of all receivables of a subsidiary;
- Charge over all shares of a subsidiary;
- Legal mortgage over freehold land of a subsidiary;
- Charge over specified lists of vehicles, machineries and equipment of two subsidiaries; and
- Assignment of interests in insurance policies of two subsidiaries.

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

Consolidated Cash Flow Statement

	<----- Group ----->			
	Quarter ended		Half-year ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(Loss) before taxation	(450)	(1,532)	49,147	(3,011)
<u>Adjustments for:</u>				
Interest expense	64	86	124	171
Bad debts written off	6	-	6	-
Depreciation of property, plant and equipment	542	597	1,083	1,197
Gain on change in fair value of investment properties	318	-	(49,421)	-
Gain on disposal of property, plant and equipment	-	(10)	(22)	(10)
Fixed assets written off	-	-	-	3
Foreign exchange adjustments	(43)	(306)	(50)	(290)
Fair value loss/(gain) on held for trading investment securities	1	-	1	(1)
(Gain)/Loss on change in fair value of agricultural produce	(208)	-	(155)	93
Interest income	(26)	(19)	(29)	(40)
Operating profit/(loss) before working capital changes	204	(1,184)	684	(1,888)
<u>Changes in working capital</u>				
Trade and other receivables	(3,024)	(513)	(4,240)	(547)
Inventories and biological assets	454	1,067	1,987	(792)
Trade and other payables	(157)	(256)	(505)	(334)
Cash flows used in operations	(2,523)	(886)	(2,074)	(3,561)
Interest paid	(64)	(86)	(124)	(171)
Income tax paid	-	(192)	(118)	(210)
Interest received	26	19	29	40
Net cash flows used in operating activities	(2,561)	(1,145)	(2,287)	(3,902)
Cash flows from investing activities				
Purchase of property, plant and equipment	(759)	(2,036)	(1,230)	(4,081)
Proceeds from sale of property, plant and equipment	111	62	306	62
Net cash flows used in investing activities	(648)	(1,974)	(924)	(4,019)

Consolidated Cash Flow Statement (cont'd)

	<----- Group ----->			
	Quarter ended		Half-year ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Proceeds from term loans	-	2,905	-	2,905
Repayment of term loans	(998)	(661)	(998)	(661)
Proceeds from/(Repayment to) hire purchase creditors	164	-	158	(4)
Net cash flows (used in)/from financing activities	(834)	2,244	(840)	2,240
Net decrease in cash and cash equivalents	(4,043)	(875)	(4,051)	(5,681)
Cash and cash equivalents at beginning of period	10,085	16,094	10,098	20,918
Effect of exchange rate changes on balances held in foreign currencies	(14)	25	(19)	7
Cash and cash equivalents at end of period	6,028	15,244	6,028	15,244

Cash and cash equivalent at end of period

	30.06.2014	30.06.2013
	S\$'000	S\$'000
Cash at bank and in hand	3,093	4,403
Fixed deposits with financial institutions	2,935	10,841
	6,028	15,244

Out of the \$6.03 million (30.06.2013:\$15.24 million) cash and cash equivalent held by the Group, \$nil (30.06.2013: \$1.02 million) was held in Project Accounts, the withdrawals of which are restricted to payments for the related property developments.

- 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.

Statements of Changes in Equity

Group	Attributable to owners of the parent					Equity total S\$'000
	Share Capital	Accumulated losses	Capital reserve	Currency translation reserve	Non- controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2013	105,426	(44,735)	481	(2,956)	2,917	61,133
Net foreign exchange difference arising on consolidation of foreign subsidiaries	-	-	-	139	3	142
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	289	-	289
Net loss for 1Q2013	-	(1,476)	-	-	(3)	(1,479)
Total comprehensive income for 1Q2013	-	(1,476)	-	428	-	(1,048)
Balance at 31 March 2013	105,426	(46,211)	481	(2,528)	2,917	60,085
Net foreign exchange difference arising on consolidation of foreign subsidiaries	-	-	-	236	5	241
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	425	-	425
Net loss for 2Q2013	-	(1,538)	-	-	(3)	(1,541)
Total comprehensive income for 2Q2013	-	(1,538)	-	661	2	(875)
Balance at 30 June 2013	105,426	(47,749)	481	(1,867)	2,919	59,210

Group	Attributable to owners of the parent					Equity total S\$'000
	Share Capital	Accumulated losses	Capital reserve	Currency translation reserve	Non- controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2014	105,426	(52,425)	481	(1,804)	1,415	53,093
Net foreign exchange difference arising on consolidation of foreign subsidiaries	-	-	-	(298)	(5)	(303)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	(106)	-	(106)
Net profit/(loss) for 1Q2014	-	42,945	-	-	(3)	42,942
Total comprehensive income for 1Q2014	-	42,945	-	(404)	(8)	42,533
Balance at 31 March 2014	105,426	(9,480)	481	(2,208)	1,407	95,626
Net foreign exchange difference arising on consolidation of foreign subsidiaries	-	-	-	(235)	(1)	(236)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	(321)	-	(321)
Net loss for 2Q2014	-	(403)	-	-	(4)	(407)
Total comprehensive income for 2Q2014	-	(403)	-	(556)	(5)	(964)
Balance at 30 June 2014	105,426	(9,883)	481	(2,764)	1,402	94,662

Statements of Changes in Equity (cont'd)

Company	Share Capital S\$'000	Accumulated losses S\$'000	Capital reserve S\$'000	Equity total S\$'000
Balance at 1 January 2013	105,426	(27,979)	(459)	76,988
Net profit for 1Q2013	-	98	-	98
Total comprehensive income for 1Q2013	-	98	-	98
Balance at 31 March 2013	105,426	(27,881)	(459)	77,086
Net profit for 2Q2013	-	89	-	89
Total comprehensive income for 2Q2013	-	89	-	89
Balance at 30 June 2013	105,426	(27,792)	(459)	77,175
Balance at 1 January 2014	105,426	(28,426)	(459)	76,541
Net profit for 1Q2014	-	74	-	74
Total comprehensive income for 1Q2014	-	74	-	74
Balance at 31 March 2014	105,426	(28,352)	(459)	76,615
Net profit for 2Q2014	-	13	-	13
Total comprehensive income for 2Q2014	-	13	-	13
Balance at 30 June 2014	105,426	(28,339)	(459)	76,628

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 shares issued during the period under review.

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.

The total number of issued shares excluding treasury shares as at 30 June 2014 and 31 December 2013 were 3,957,211,329 ordinary shares.

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.

The Company has no treasury shares.

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

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

3. Where the figures have been audited or reviewed, the auditor's 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 same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2013 have been applied in the preparation for the unaudited financial statements for the financial period ended 30 June 2014, except that the Group has adopted new Financial Reporting Standards which became effective on annual periods beginning on or after 1 January 2014 and a change in accounting policy in respect of the Group's investment properties as mentioned in item 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has been changed, as well as the reasons for, and the effect of, the change.

During the current period, the Group has reclassified Land and Buildings of \$19.46 million to Investment Properties resulting from the change in mode of its operations in Cambodia. Accordingly, the Group has changed its accounting policy in respect of its investment properties from cost model to fair value model in accordance with the provisions of FRS 40 Investment Property. The purpose of the change is to better reflect the market value of the Group's investment properties carried in the financial statements. This change in accounting policy is not expected to result in an adjustment to opening retained earnings as the carrying value of the Group's investment property as at 31 December 2013 is close to its market value. For the current period, the Group recognised an aggregate gain on change in fair value of \$49.42 million to three of its investment properties in Cambodia. The fair values of the investment properties have been determined based on valuations performed by an independent valuer with recent experience in the location and category of the property being valued.

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.

Earnings/(Losses) per ordinary share attributable to owners of the parent for the period:-

Basic

Diluted

<----- Group ----->			
Quarter ended		Half-year ended	
30 June		30 June	
2014	2013	2014	2013
in cents	in cents	in cents	in cents
(0.010)	(0.039)	1.075	(0.076)
(0.010)	(0.039)	1.075	(0.076)

The basic and diluted earnings per share are calculated based on the weighted average number of shares in issue during the period of 3,957,211,329 (30.06.2013: 3,957,211,329).

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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	in cents	in cents	in cents	in cents
Net asset value per ordinary share based on issued share capital	2.357	1.306	1.936	1.934

The computation of net asset value per share is based on the number of issued ordinary shares as at the respective balance sheet dates amounting to 3,957,211,329 (2013: 3,957,211,329) shares.

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.**

Revenue and Gross Profit

Revenue

	<----- Group ----->			
	Quarter ended		Half-year ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Agriculture Division	1,604	2,164	4,469	3,197

The Group's revenue increased by \$1.27 million in 1H2014 to \$4.47 million as compared to \$3.20 million in 1H2013 due primarily to the cooperation income of \$1.89 million pertaining to the joint operations with Zhong Fu International Investment (Cambodia) Ltd ("Zhong Fu") in 1H2014. The Group's revenue decreased by \$0.56 million in 2Q2014 to \$1.60 million as compared to \$2.16 million in 2Q2013 mainly due to lower dry corn sales in 2Q2014 as the Group had sold majority of its dry corn inventory in 1Q2014. The decrease was offset by recognition of cooperation income of \$0.95 million pertaining to the joint operations with Zhong Fu in 2Q2014.

Gross profit/(loss)

	<----- Group ----->			
	Quarter ended		Half-year ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Agriculture Division	1,073	(68)	1,938	(158)

The Group achieved a gross profit of \$1.94 million in 1H2014 as compared to a gross loss of \$0.16 million in 1H2013 mainly contributed by the recognition of cooperation income of \$1.89 million pertaining to the joint operations with Zhong Fu in 1H2014. The Group also achieved a gross profit of \$1.07 million in 2Q2014 as compared to a gross loss of \$0.07 million in 2Q2013 mainly contributed by the recognition of cooperation income of \$0.95 million pertaining to the joint operations with Zhong Fu in 2Q2014. The cooperation income is offset by minimal direct costs to the joint operations.

Other income

The Group's other income increased significantly by \$49.51 million in 1H2014 to \$49.67 million as compared to \$0.16 million in 1H2013 as the Group recognised an aggregate gain on change in fair value of \$49.42 million to three of its investment properties in Cambodia. The fair values of the investment properties have been determined based on valuations performed by an independent valuer with recent experience in the location and category of the property being valued.

Administrative expenses

Administrative expenses of the Group reduced by \$0.49 million in 1H2014 to \$2.31 million as compared to \$2.80 million in 1H2013. Correspondingly, administrative expenses of the Group also reduced by \$0.19 million in 2Q2014 to \$1.20 million as compared to \$1.39 million in 2Q2013. The reductions were mainly contributed by significant savings in upkeep expenses for machineries of \$0.42 million and \$0.16 million in 1H2014 and 2Q2014 respectively. Under the new mode of joint operations with Zhong Fu, all upkeep costs for machineries and equipment under the care of Zhong Fu are the responsibilities of Zhong Fu. Administrative expenses for 1H2014 and 2Q2014 comprised mainly personnel expenses of \$0.81 million (1H2013: \$0.76million) and \$0.37 million (2Q2013: \$0.37 million), depreciation expenses of \$0.76 million (1H2013: \$0.94 million) and \$0.38 million (2Q2013: \$0.48 million), and upkeep of plant and equipment of \$0.21 million (1H2013: \$0.63million) and \$0.13 million (2Q2013: \$0.29 million) respectively.

Finance costs

Finance cost for both 1H2014 and 2Q2014 decreased by \$0.05 million and \$0.02 million respectively mainly due to reduction in outstanding bank loans during the current period.

Incomes tax expenses

Income tax expenses for 1H2014 mainly comprised deferred tax expense of \$6.61 million pertaining to the fair value increase of \$49.42 million to the Investment Properties in Cambodia.

In summary, the Group achieved a net profit of \$42.54 million in 1H2014 as compared to a net loss of \$3.02 million in 1H2013. The Group incurred a lower net loss of \$0.41 million in 2Q2014 as compared to a net loss of \$1.54 million in 2Q2013.

Review of Financial Position

Property, plant and equipment decreased by \$19.90 million from \$44.58 million as at 31 December 2013 to \$24.68 million as at 30 June 2014. The decrease was mainly due to the reclassification of Land and Buildings to Investment Properties of \$19.46 million resulting from the change in mode of the Group's operations in Cambodia.

Investment Properties increased by \$68.20 million from \$0.28 million as at 31 December 2013 to \$68.48 million as at 30 June 2014. The increase was mainly due to the reclassification of Land and Buildings to Investment Properties of \$19.46 million resulting from the change in mode of the Group's operations in Cambodia. In addition, the Group recognised a gain on change in fair value of \$49.42 million to these reclassified Investment Properties in Cambodia. The fair values of these investment properties have been determined based on valuations performed by an independent valuer with recent experience in the location and category of the property being valued.

Inventories decreased by \$1.79 million from \$2.77 million as at 31 December 2013 to \$0.98 million as at 30 June 2014. The decrease was mainly attributed to sale of dry corn inventory during the current period.

Trade receivables increased by \$1.88 million from \$0.28 million as at 31 December 2013 to \$2.16 million as at 30 June 2014 mainly due to the accrual of cooperation income due from Zhong Fu for the current period.

The increase in other receivables by \$2.35 million from \$0.73 million as at 31 December 2013 to \$3.08 million as at 30 June 2014 was mainly due to payment made for 10% deposit of USD1.49 million and other related advances made to professionals pertaining to the proposed acquisition of land situated in the heart of Phnom Penh City Centre for planned development of office tower, luxury condominiums, and F&B and retail buildings. The remaining increase relates to advance made to suppliers for the Group's operations in Cambodia.

Trade payables reduced by \$0.17 million from \$0.33 million as at 31 December 2013 to \$0.16 million as at 30 June 2014 mainly due to lower purchases made during the current period resulting from the change in mode of the Group's operations in Cambodia.

Other payables and accruals decreased by \$0.35 million from \$2.70 million as at 31 December 2013 to \$2.35 million as at 30 June 2014 mainly due the return of deposits to sub contract farmers and settlement of accrued operating expenses.

Reduction in provision for taxation relates to the payment of income tax by one of the Group's property development subsidiary.

Deferred tax liabilities of \$6.55 million was provided as at 30 June 2014 pertaining to the fair value increase of \$49.42 million to the Investment Properties in Cambodia.

The net assets of the Group were \$94.66 million as at 30 June 2014 (FY2013: \$53.09 million).

Review of Cash Flow Statement

Net cash flows used in operating activities for 1H2014 was \$2.28 million as compared to \$3.90 million used in operating activities for 1H2013. The reduction was mainly due to an operating profit before working capital changes of \$0.68 million as compared to an operating loss before working capital changes of \$1.89 million. In addition, the working capital required to support the Group's operations in Cambodia has reduced significantly in the current period with its new mode of joint operations.

Net cash flow of \$0.92 million was used in investing activities for 1H2014 as compared to \$4.02 million in 1H2013. The utilisation in 1H2013 was due mainly to the costs incurred in upgrading works at D'Kranji Farm, and land improvements and the purchase of plant and equipment for the Group's operations in Cambodia.

Net cash flow of \$0.84 million was used in financing activities in 1H2014 while \$2.24 million was generated in 1H2013. The decrease in cash flows was mainly due to higher repayment of term loan in 1H2014 pertaining to the Group's operations in Cambodia and drawdown of short term loans in 1H2013.

Overall, cash and cash equivalents of the Group stood at \$6.03 million as at 30 June 2014 (30.06.2013: \$15.24 million).

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

Consistent with previous statements.

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.**

AGRICULTURE DIVISION

To date, the Group has completed clearing 9,800 hectares of land and construction of four farm plantations in Cambodia. We expect to clear the remaining 200 hectares before end of the year. The Group's new mode of joint operations with partners in respect of the cultivation, processing and production of cassava (or maize and sugarcane) in the Group's plantation land has commenced in the current period. Going forward, the agriculture division will adopt similar business model to source for potential agriculture land parcels in Cambodia for development, operate through collaboration with joint operation partners and eventually transfer to plantation land owners/operators via plantation asset sale.

The Group is seeking partners from agriculture industry with new and advanced agriculture technologies to showcase in the production kiosks of our farm resort in D'Kranji with the aim to attract more visitors. We will also put in continuous efforts in its advertising and marketing strategies to attract more holiday-makers and visitors. Similar to the business operating model in Cambodia, the farm resort is currently ready for transfer to resort owners/operators through resort asset sale.

PROPERTY DEVELOPMENT DIVISION

The Group has recently entered into a Sales and Purchase Agreement to acquire land situated in the heart of Phnom Penh City Centre through D' Lotus Development Limited. The Group plans to develop office tower, luxury condominiums, and F&B and retail buildings on the Land. We expect to launch the development project in the 1st half of FY2015.

The Group will continue to seek opportunities for property development, especially in Cambodia. We are continuously looking at potential land parcels within the vicinity of Phnom Penh City for property development.

Moving forward, we will remain resilient and focus on positioning our strategic platform in both our agriculture and property development divisions to face the challenges ahead and lay a solid foundation for sustainable growth.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on?

No.

(b) Corresponding period of the Immediately Preceding Financial Year?

Any dividend declared for the corresponding period of the Immediately Preceding Financial Year?

No.

(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 or recommended.

- 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 Company did not seek and does not have a shareholders' general mandate pursuant to Rule 920 of the Listing Manual.

- 14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading**

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the financial results of the Group for the period ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

HELEN CAMPOS
COMPANY SECRETARY
4 August 2014