

PAVILLON HOLDINGS LTD

(formerly known as Thai Village Holdings Ltd)

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 31 March 2014

	Group		
	S\$'000	S\$'000	%
	Oct 2013 - Mar 2014	Oct 2012 - Mar 2013	Increase/ (Decrease)
Revenue	10,103	11,639	(13)
Other items of income			
Interest income	532	301	77
Other income	267	129	>100
Items of expenses			
Raw materials and changes in stocks	(3,405)	(3,964)	(14)
Personnel costs	(3,840)	(4,043)	(5)
Depreciation expense	(459)	(377)	22
Net foreign exchange gain/(loss)	13	(10)	(>100)
Finance costs	(2)	(2)	-
Other expenses	(2,855)	(2,697)	6
Profit before taxation (Note 1)	354	976	(64)
Income tax expense (Note 2)	(126)	(256)	(51)
Profit after taxation	228	720	(68)
Other comprehensive income			
Foreign currency translation gain	8	84	(90)
Total comprehensive income for the period attributable to owners of the Company	236	804	(71)
Earnings per share attributable to owners of the Company	Cts	Cts	
Basic	0.06	0.35	(83)
Diluted	0.06	0.35	(83)

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

	Group		
	S\$'000	S\$'000	%
	Oct 2013 - Mar 2014	Oct 2012 - Mar 2013	Increase/ (Decrease)
Gain on disposal of property, plant and equipment	(171)	-	NM
Property, plant and equipment written off	66	4	>100
Gain on disposal of a subsidiary company	-	(2)	(100)
Impairment loss on trade debtors	94	27	>100
Interest income	(532)	(301)	77

Note 2: Taxation

	Group		
	S\$'000	S\$'000	%
	Oct 2013 - Mar 2014	Oct 2012 - Mar 2013	Increase/ (Decrease)
Current period	309	256	21
Over provision in respect of prior years	(183)	-	NM
Total	126	256	(51)

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	
	31/3/2014	30/9/2013	31/3/2014	30/9/2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,794	2,451	5	-
Investments in subsidiary companies	-	-	2,061	2,061
Other debtors	79	80	79	80
Deposits	583	552	-	-
	3,456	3,083	2,145	2,141
Current assets				
Stocks	1,965	1,979	-	-
Trade debtors	55	116	19	17
Other debtors	112	855	40	667
Deposits	545	300	456	-
Prepayments	103	74	43	13
Amounts due from subsidiary companies (trade)	-	-	2,174	1,311
Amounts due from subsidiary companies (non-trade)	-	-	1,857	2,470
Derivative asset	-	948	-	948
Loan receivables	6,000	5,856	6,000	5,856
Cash and bank balances	35,358	10,303	30,497	4,859
Total current assets	44,138	20,431	41,086	16,141
Total assets	47,594	23,514	43,231	18,282
EQUITY AND LIABILITIES				
Current liabilities				
Trade creditors	393	948	-	-
Other creditors and accruals	1,000	1,460	174	286
Franchise deposits	30	50	30	50
Deferred rental income	8	15	-	-
Deferred revenue	1,616	1,678	-	-
Amounts due to directors	250	235	250	235
Income tax payable	424	350	255	158
Total current liabilities	3,721	4,736	709	729
Net current assets	40,417	15,695	40,377	15,412
Non-current liabilities				
Deferred tax liabilities	110	110	-	-
Franchise deposits	120	100	120	100
Deferred rental income	32	33	-	-
Total non-current liabilities	262	243	120	100
Total liabilities	3,983	4,979	829	829
Net assets	43,611	18,535	42,402	17,453

	Group		Company	
	31/3/2014	30/9/2013	31/3/2014	30/9/2013
Equity attributable to owners of the Company	S\$'000	S\$'000	S\$'000	S\$'000
Share capital	39,433	14,593	39,433	14,593
Reserve fund	684	684	-	-
Foreign currency translation reserve	(251)	(259)	-	-
Revenue reserve	3,703	3,475	2,969	2,860
	43,569	18,493	42,402	17,453
Non-controlling interests	42	42	-	-
Total Equity	43,611	18,535	42,402	17,453
Total Equity and Liabilities	47,594	23,514	43,231	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	
	Oct 2013 - Mar 2014	Oct 2012 - Mar 2013
	S\$'000	S\$'000
Cash flows from operating activities :		
Profit before taxation	354	976
Adjustments for :		
Gain on disposal of property, plant and equipment	(171)	-
Property, plant and equipment written off	66	4
Depreciation of property, plant and equipment	459	377
Interest income	(532)	(301)
Fair value gain on derivative asset	-	(87)
Impairment loss on trade debtors	94	27
Gain on disposal of a subsidiary company	-	(2)
Translation differences	(12)	(29)
Operating profit before working capital changes	258	965
(Increase)/decrease in:		
Stocks	14	826
Trade debtors	(33)	(102)
Other debtors, deposits and prepayments	(26)	(84)
Increase/(decrease) in:		
Trade creditors	(555)	(90)
Other creditors and accruals	(616)	(283)
Amounts due to directors	15	(104)
Cash flows (used in)/generated from operations	(943)	1,128
Taxes paid	(109)	(327)
Cash flows (used in)/generated from operating activities	(1,052)	801
Cash flows from investing activities		
Interest received	1,945	32
Purchase of property, plant and equipment	(871)	(16)
Proceeds from disposal of property, plant and equipment	175	-
Net cash flows generated from investing activities	1,249	16

	Group	
	Oct 2013 - Mar 2014	Oct 2012 - Mar 2013
Cash flows from financing activities	S\$'000	S\$'000
Payment of dividends to shareholders	-	(1,662)
Share placement proceeds	24,840	-
Net cash flows generated from / (used in) financing activities	24,840	(1,662)
Net increase/(decrease) in cash and cash equivalents	25,037	(845)
Cash and cash equivalents at beginning of the period	10,303	15,457
Effects of exchange rates on cash	18	103
Cash and cash equivalents at end of the period	35,358	14,715

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							
GROUP	Share capital	Reserve fund	Revenue reserve	Foreign currency translation reserve	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
2014	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2013	14,593	684	3,475	(259)	18,493	42	18,535
Profit for the period	-	-	228	-	228	-	228
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	8	8	-	8
Total other comprehensive income for the period, net of tax	-	-	-	8	8	-	8
Total comprehensive income for the period	-	-	228	8	236	-	236
<u>Contributions by and distributions to owners</u>							
Placement shares	24,840	-	-	-	24,840	-	24,840
Total contributions by and distributions to owners	24,840	-	-	-	24,840	-	24,840
Balance as at 31 March 2014	39,433	684	3,703	(251)	43,569	42	43,611
2013							
Balance as at 1 October 2012	14,593	733	3,781	(386)	18,721	42	18,763
Profit for the period	-	-	720	-	720	-	720
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	84	84	-	84
Total other comprehensive income for the period, net of tax	-	-	-	84	84	-	84
Total comprehensive income for the period	-	-	720	84	804	-	804
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	(1,662)	-	(1,662)	-	(1,662)
Total contributions by and distributions to owners	-	-	(1,662)	-	(1,662)	-	(1,662)
Balance as at 31 March 2013	14,593	733	2,839	(302)	17,863	42	17,905

COMPANY	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
2014			
Balance as at 1 October 2013	14,593	2,860	17,453
Profit for the period, representing total comprehensive income for the period	-	109	109
<u>Contributions by and distributions to owners</u>			
Placement shares	24,840	-	24,840
Total contributions by and distributions to owners	24,840	-	24,840
Balance as at 31 March 2014	<u>39,433</u>	<u>2,969</u>	<u>42,402</u>
2013			
Balance as at 1 October 2012	14,593	2,319	16,912
Profit for the period, representing total comprehensive income for the period	-	269	269
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares	-	(1,662)	(1,662)
Total contributions by and distributions to owners	-	(1,662)	(1,662)
Balance as at 31 March 2013	<u>14,593</u>	<u>926</u>	<u>15,519</u>

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 of the period	207,748,700	14,593,461
Share placement	180,000,000	24,840,000
Balance as at end of the period	<u>387,748,700</u>	<u>39,433,461</u>

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

	31/3/2014	30/9/2013
Balance as at beginning of the period	207,748,700	207,748,700
Balance as at end of the period	387,748,700	207,748,700

1(d)(iv) Treasury shares as at

	31/3/2014	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	
	Oct 2013 - Mar 2014	Oct 2012 - Mar 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	0.10 cts	0.35 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)	0.10 cts	0.35 cts

Note to 6(i) and 6 (ii)

Basic and fully diluted earnings per share is calculated by dividing the Group's net profit attributable to equity holders of the Company amounting to S\$228k (2013: S\$720k) by the weighted average number of ordinary shares in issue as at 31 March 2014 of 220,605,843 (2013: 207,748,700) shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 31/03/2014	As at 30/09/2013	As at 31/03/2014	As at 30/09/2013
Net asset value per ordinary share	11.25 cts	8.90 cts	10.94 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\$1.5m mainly attributable to curtailed high-end F&B spending in the PRC and keen competition in the Singapore F&B scene. Interest income increased by approximately S\$0.2m mainly due to income arising from short term loan. Other income increased by approximately S\$0.1m mainly due to gain on disposal of fixed assets.

Gross profit margin remained stable at 66%. Profit after taxation decreased by approximately S\$0.5m largely due to lower revenue as compared to the previous period.

Group's operating expenses

Raw materials used decreased by approximately S\$0.6m as a result of lower sales achieved during the period. Personnel costs decreased by approximately S\$0.2m mainly due to fewer restaurant staff and government grant received. Other expenses increased by approximately S\$0.2m largely due to doubtful debts written off. Depreciation expense increased by approximately S\$0.1m mainly due to opening of the Singapore Indoor Stadium outlet during the period. Tax expense decreased by approximately S\$0.1m due to lower taxable income achieved in the current period.

Singapore

Revenue from Singapore operations decreased by approximately S\$0.6m as compared to the previous period mainly due to competition in the F&B industry.

People's Republic of China

Turnover from the PRC restaurants decreased by approximately \$0.8m as a result of moderation in high-end F&B spending.

Franchise operations

Franchise income for the period decreased by approximately S\$0.2m mainly due to lack of new franchisees joining the Group and under-performance of franchisees in the PRC. The Group now has five franchise outlets in the PRC, two in Vietnam and one in Indonesia.

Balance sheet

Property, plant and equipment increased by approximately S\$0.3m mainly due to opening of the Singapore Indoor Stadium outlet.

Stocks and trade debtors remained stable at approximately S\$2.0m and S\$0.1m respectively. Derivative asset and other debtors decreased by approximately S\$1.7m mainly due to receipt of S\$1.9m loan interest income during the period. Cash and cash equivalents increased by approximately S\$25.0m mainly from receipt of share placement proceeds.

Trade and Other creditors decreased mainly due to lower purchases and timing of payments.

Group's cash flow

Cash flows from operating activities decreased by approximately S\$1.9m as compared to the previous period mainly due to decrease in trade creditors, other creditors and accruals and lower net profit as compared to the previous period. Net cash flows generated from financing activities of approximately S\$24.8m was mainly from receipt of share placement proceeds during the period.

To date, the 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 full year results announcement for the financial year ended 30 September 2013.

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 expand its property development operations in the region.

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 half year ended 31 March 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-May-14