Roxy-Pacific
Holdings Limited

ROXY-PACIFIC HOLDINGS LIMITED

UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

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

	GROUP			GROUP		
	Q3FY2009 S$'000	**Q3FY2008 S$'000**	**Change %**	**YTD Sep 2009 S$'000**	**YTD Sep 2008 S$'000**	**Change %**
Revenue	**37,621**	34,936	8%	**119,402**	100,072	19%
Cost of sales	**(24,394)**	(21,024)	16%	**(76,217)**	(58,661)	30%
Gross profit	**13,227**	13,912	-5%	**43,185**	41,411	4%
Other operating income	**112**	37	203%	**366**	327	12%
Distribution costs	**(324)**	(429)	-24%	**(997)**	(1,248)	-20%
Administrative expenses	**(1,843)**	(2,279)	-19%	**(6,088)**	(6,665)	-9%
Other operating expenses	**(2,663)**	(2,913)	-9%	**(7,706)**	(8,752)	-12%
Finance costs	**(982)**	(998)	-2%	**(2,804)**	(3,149)	-11%
Profit before taxation before fair value gain	**7,527**	7,330	3%	**25,956**	21,924	18%
Fair value gain on investment properties	**-**	2,303	n/m	**-**	4,606	n/m
Pre-tax profit	**7,527**	9,633	-22%	**25,956**	26,530	-2%
Taxation	**(1,275)**	(933)	37%	**(3,957)**	(4,731)	-16%
Net profit	**6,252**	8,700	-28%	**21,999**	21,799	1%
Other comprehensive income, net of tax	**-**	-	-	**-**	-	-
Total comprehensive income attributable to shareholders of the Company	**6,252**	8,700	-28%	**21,999**	21,799	1%

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1 (a) (ii) Total comprehensive income is arrived at after charging:

	GROUP			GROUP		
	Q3FY2009 S$'000	**Q3FY2008 S$'000**	**Change %**	**YTD Sep 2009 S$'000**	**YTD Sep 2008 S$'000**	**Change %**
Allowance for doubtful debts and bad debts written off	**6**	9	-33%	**19**	21	-10%
Depreciation of property, plant and equipment	**488**	501	-3%	**1,465**	1,408	4%
Directors' fees	**35**	42	-17%	**106**	119	-11%
Interest on borrowings	**982**	998	-2%	**2,804**	3,149	-11%
Loss on disposal of property, plant and equipment	**-**	-	-	**-**	5	n/m
Staff costs (including directors' remuneration)						
- salaries, wages and bonuses	**2,963**	3,502	-15%	**9,359**	9,929	-6%
- contribution to defined contribution plans	**182**	218	-17%	**579**	642	-10%
- other personnel expenses	**200**	258	-22%	**716**	776	-8%
Share issue expenses	**-**	-	-	**-**	197	n/m

and crediting:

Interest income	**79**	(1)	n/m	**225**	171	32%
Fair value gain on investment properties	**-**	2,303	n/m	**-**	4,606	n/m
Government grant – job credit scheme	**108**	-	n/m	**380**	-	n/m
Income from hotel money exchange operations	**9**	11	-18%	**28**	32	-13%
Write back of allowance for foreseeable losses on properties for sale under development	**-**	-	n/m	**500**	-	n/m

n/m: 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-Sep-09	31-Dec-08	**30-Sep-09**	31-Dec-08
	S$'000	S$'000	**S$'000**	S$'000
Assets				
Non-Current				
Intangible assets	**1,672**	1,672	**-**	-
Property, plant and equipment	**64,748**	65,958	**-**	-
Subsidiaries	**-**	-	**36,443**	36,443
Associates	*****	-	**-**	-
Investment properties	**55,313**	32,428	**-**	-
	121,733	100,058	**36,443**	36,443
Current				
Properties for sale under development	**145,269**	186,106	**-**	-
Inventories	**118**	133	**-**	-
Trade receivables	**18,575**	11,164	**7**	19
Other receivables	**862**	997	**24**	73
Amount due from subsidiaries	**-**	-	**17,728**	13,740
Amount due from associates	**27**	-	**-**	-
Project accounts	**70,210**	61,759	**-**	-
Fixed deposits (Note 1(c))	**12,835**	39,859	**11,636**	23,270
Cash and bank balances	**32,853**	10,130	**7,587**	262
	280,749	310,148	**36,982**	37,364
Total assets	**402,482**	410,206	**73,425**	73,807
Equity				
Capital and reserves				
Share capital	**47,399**	47,399	**47,399**	47,399
Retained profits	**80,109**	62,884	**23,136**	23,047
Total equity	**127,508**	110,283	**70,535**	70,446
Liabilities				
Non-Current				
Bank borrowings (secured) (Note 1(b) (ii))	**81,426**	71,554	**-**	-
Deferred income tax	**11,069**	10,665	**-**	-
	92,495	82,219	**-**	-
Current				
Trade payables	**7,710**	4,793	**14**	12
Other payables	**11,237**	14,666	**2,851**	3,250
Provision for taxation	**4,038**	3,088	**25**	99
Bank borrowings (secured) (Note 1(b) (ii))	**159,494**	195,157	**-**	-
	182,479	217,704	**2,890**	3,361
Total equity and liabilities	**402,482**	410,206	**73,425**	73,807

* less than $1,000

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

	30-Sep-09		31-Dec-08	
	Secured S$'000	**Unsecured S$'000**	Secured S$'000	Unsecured S$'000
Current				
- Amount repayable in one year or less, or on demand	**74,674** (i)	-	85,184	-
- Amount repayable after one year but within the normal operating cycle of Property Development segment	**84,820**	-	109,973 (ii)	-
	159,494	-	195,157	-
Non-current				
Amount repayable after one year	**81,426**	-	71,554	-
	240,920	-	266,711	-

Details of collaterals

The bank loans are secured by;

a) Investment properties;
b) Rental income from investment properties;
c) Proceeds from the sale of investment properties;
d) Joint guarantee of four directors and the Company;
e) Freehold land and building;
f) Properties for sale under development; and
g) Proceeds from sale of properties for sale under development

(i) $48.9 million relates to our development projects which are fully or substantially sold, and are expected to obtain Temporary Occupation Permit ("TOP") by Q3FY2010.

(ii) The Group's bank borrowings repayable after one year but within the normal operating cycle of the Property Development segment, previously included in 'Bank Borrowings' under non-current liabilities, have been reclassified to 'Bank Borrowings' under current liabilities.

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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 year

	GROUP		GROUP	
			YTD	YTD
	Q3FY2009 S$'000	Q3FY2008 S$'000	Sep 2009 S$'000	Sep 2008 S$'000
Cash flows from operating activities				
Profit before tax	**7,527**	9,633	**25,956**	26,530
Adjustments for:				
Depreciation of property, plant and equipment	**488**	501	**1,465**	1,408
Interest expenses	**982**	998	**2,804**	3,149
Interest income	**(79)**	1	**(225)**	(171)
Fair value gain on investment properties	**-**	(2,303)	-	(4,606)
Write back of allowance for foreseeable losses on properties for sale under development	**-**	-	**(500)**	-
Loss on disposal of property, plant and equipment	**-**	-	**-**	5
Operating profit before working capital changes	**8,918**	8,830	**29,500**	26,315
Decrease/(increase) in inventories	**14**	(3)	**14**	(6)
Decrease/(increase) in operating receivables	**6,741**	2,735	**(7,303)**	2,909
(Decrease)/increase in operating payables	**(1,139)**	3,213	**(511)**	3,682
Decrease/(increase) in properties for sale under development	**2,842**	(4,884)	**41,337**	(37,980)
Net cash generated from/(used in) operations	**17,376**	9,891	**63,037**	(5,080)
Income tax paid	**(1,181)**	(154)	**(2,603)**	(294)
Net cash generated from/(used in) operating activities	**16,195**	9,737	**60,434**	(5,374)
Cash flows from investing activities				
Acquisition of property, plant and equipment	**-**	(83)	**(255)**	(3,214)
Acquisition of investment property	**(22,885)**	-	**(22,885)**	-
Acquisition of associated companies	*****	-	*****	-
Interest received	**79**	(1)	**225**	171
Net cash used in investing activities	**(22,806)**	(84)	**(22,915)**	(3,043)

* less than $1,000

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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 year (cont'd)

	GROUP		GROUP	
			YTD	**YTD**
	Q3FY2009	**Q3FY2008**	**Sep 2009**	**Sep 2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash flows from financing activities				
Proceeds from bank borrowings	**21,698**	8,713	**25,969**	79,194
Repayment of bank borrowings	**(25,037)**	(7,555)	**(51,760)**	(31,362)
Fixed deposit pledged to financial institutions	**403**	151	**403**	(255)
Dividends paid	**-**	-	**(4,774)**	(6,366)
Interest paid	**(982)**	(998)	**(2,804)**	(3,149)
Proceeds from Initial Public Offering, net	**-**	-	**-**	36,285
Net cash (used in)/generated from financing activities	**(3,918)**	311	**(32,966)**	74,347
Net (decrease)/increase in cash and cash equivalents held	**(10,529)**	9,964	**4,553**	65,930
Cash and cash equivalents at the beginning of the financial year	**126,169**	89,679	**111,087**	33,713
Cash and cash equivalents at the end of the financial period	**115,640**	99,643	**115,640**	99,643
Analysis of cash and cash equivalents:-				
Project accounts (Note 1)	**19,510**	21,126	**19,510**	21,126
Fixed deposits in project accounts (Note 1)	**50,700**	39,000	**50,700**	39,000
Fixed deposits	**12,835**	35,519	**12,835**	35,519
Cash and bank balances	**32,853**	4,253	**32,853**	4,253
Less: Fixed deposits pledged to financial institution	**(258)**	(255)	**(258)**	(255)
	115,640	99,643	**115,640**	99,643

Note 1: The project accounts consist of monies held under the Housing Developers (Project Account) Rules 1997 from which withdrawals are restricted to payments for development expenditure incurred on property developed for sale.

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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

Group	**Share capital S$'000**	**Retained profits S$'000**	**Total S$'000**
Balance at 1 January 2008	11,114	44,559	55,673
Total comprehensive income for the period	-	13,099	13,099
Dividend paid	-	(6,366)	(6,366)
Issue of new shares (Initial Public offering)	38,400	-	38,400
Share issue expense	(2,115)	-	(2,115)
Balance as 30 June 2008	47,399	51,292	98,691
Total comprehensive income for the period	-	8,700	8,700
Balance as 30 September 2008	47,399	59,992	107,391
Total comprehensive income for the period	-	2,892	2,892
Balance at 31 December 2008	47,399	62,884	110,283
Balance at 1 January 2009	47,399	62,884	110,283
Total comprehensive income for the period	-	15,747	15,747
Dividend paid	-	(4,774)	(4,774)
Balance as 30 June 2009	**47,399**	**73,857**	**121,256**
Total comprehensive income for the period	**-**	**6,252**	**6,252**
Balance at 30 September 2009	**47,399**	**80,109**	**127,508**

Company	**Share capital S$'000**	**Retained profits S$'000**	**Total S$'000**
Balance at 1 January 2008	11,114	22,606	33,720
Total comprehensive income for the period	-	5,944	5,944
Dividend paid	-	(6,366)	(6,366)
Issue of new shares (Initial Public offering)	38,400	-	38,400
Share issue expense	(2,115)	-	(2,115)
Balance as 30 June 2008	47,399	22,184	69,583
Total comprehensive income for the period	-	437	437
Balance as 30 September 2008	47,399	22,621	70,020
Total comprehensive income for the period	-	426	426
Balance at 31 December 2008	47,399	23,047	70,446
Balance at 1 January 2009	47,399	23,047	70,446
Total comprehensive income for the period	-	4,796	4,796
Dividend paid	-	(4,774)	(4,774)
Balance as 30 June 2009	**47,399**	**23,069**	**70,468**
Total comprehensive income for the period	**-**	**67**	**67**
Balance at 30 September 2009	**47,399**	**23,136**	**70,535**

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

Our issued and paid-up capital is as follows:

	Number of Original Shares	**Paid-up Share Capital $'000**
Balance as at 1 January 2008	508,560,000	11,114
Issue and allotment of new shares pursuant to the Initial Public Offering	128,000,000	38,400
Share issue expenses	-	(2,115)
Balance as at 31 March 2008, 30 June 2008 and 30 September 2008	636,560,000	47,399
Balance as at 1 January 2009, 31 March 2009, 30 June 2009 and 30 September 2009	**636,560,000**	**47,399**

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.

	As at 30-Sep-09	**As at 31-Dec-08**
Total number of issued shares excluding treasury shares	**636,560,000**	636,560,000

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 nor 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

Yes.

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

Not applicable

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

	Q3FY2009	**Q3FY2008**	**YTD Sep 2009**	**YTD Sep 2008**
Earnings per share for the financial period				
(a) Based on the weighted average number of ordinary shares on issue (cents)	**0.98**	1.37	**3.46**	3.61
(b) On fully diluted basis (cents)	**0.98**	1.37	**3.46**	3.61
Profit attributable to shareholders of the Company ($'000)	**6,252**	8,700	**21,999**	21,799
Weighted average number of shares ('000)	**636,560**	636,560	**636,560**	603,392

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-Sep-09	**31-Dec-08**	**30-Sep-09**	**31-Dec-08**
Net asset value per ordinary shares based on total issued 636,560,000 ordinary shares as at 30 September 2009 (636,560,000 ordinary shares as at 31 December 2008) (cents)	**20.03***	17.32	**11.08**	11.07

***The market value of our Grand Mercure Roxy Hotel and office premise was estimated to be $278.4 million based on the valuation carried out by an independent valuer on 31 December 2008, on an open market value and existing use basis. If our Grand Mercure Roxy Hotel and office premise had been included in the financial statements at valuation, the adjusted net asset value per share as at 30 September 2009 would have been 53.59 cents at Group level.

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.

Breakdown of Performance by Segments

	Q3FY2009 S$'000		**Q3FY2008 S$'000**		**Change %**	**YTD Sep 2009 S$'000**		**YTD Sep 2008 S$'000**		**Change %**
GROUP										
REVENUE										
Property Development	**28,161**	**75%**	22,066	**63%**	28%	**90,640**	**76%**	62,360	**62%**	45%
Hotel Ownership	**8,995**	**24%**	12,534	**36%**	-28%	**27,619**	**23%**	36,766	**37%**	-25%
Property Investment	**465**	**1%**	336	**1%**	38%	**1,143**	**1%**	946	**1%**	21%
	37,621	**100%**	34,936	**100%**	8%	**119,402**	**100%**	100,072	**100%**	19%
GROSS PROFIT										
Property Development	**6,814**	**52%**	4,676	**34%**	46%	**23,448**	**54%**	13,668	**33%**	72%
Hotel Ownership	**5,948**	**45%**	8,900	**64%**	-33%	**18,594**	**43%**	26,797	**65%**	-31%
Property Investment	**465**	**3%**	336	**2%**	38%	**1,143**	**3%**	946	**2%**	21%
	13,227	**100%**	13,912	**100%**	-5%	**43,185**	**100%**	41,411	**100%**	4%

Breakdown of Performance by Segments (cont'd)

	Q3FY2009 S$'000		Q3FY2008 S$'000		Change %	YTD Sep 2009 S$'000		YTD Sep 2008 S$'000		Change %
GROSS PROFIT MARGIN (%)										
Property Development	**24%**		21%			**26%**		22%		
Hotel Ownership	**66%**		71%			**67%**		73%		
Property Investment	**100%**		100%			**100%**		100%		
Total	**35%**		40%			**36%**		41%		
PROFIT BEFORE TAXTION										
Property Development	**5,366**	**71%**	3,080	**32%**	74%	**18,748**	**72%**	9,311	**35%**	101%
Hotel Ownership and Property Investment	**2,161**	**29%**	4,250	**44%**	-49%	**7,208**	**28%**	12,613	**48%**	-43%
Fair value gain on investment properties	**-**	**-**	2,303	**24%**	n/m	**-**	-	4,606	**17%**	n/m
	7,527	**100%**	9,633	**100%**	-22%	**25,956**	**100%**	26,530	**100%**	-2%

n/m: Not meaningful

<u>Q3FY2009 vs Q3FY2008</u>

(i) Revenue

Our Group's turnover for the Q3FY2009 reported an 8% increase to $37.6 million from $34.9 million in Q3FY2008. The increase was the result of 28% increase in the revenue from our Property Development segment and 38% increase in revenue from our Property Investment segment. Revenue from our Hotel Ownership segment decreased by 28% compared to the same corresponding quarter last year.

(a) Property Development

Revenue from our Property Development segment accounted for 75% of our Group's turnover in Q3FY2009 as compared to 63% in Q3FY2008.

In Q3FY2009, revenue from our Property Development segment was up 28% from $22.1 million in Q3FY2008 to $28.2 million in the current quarter. The increase is mainly due to the progressive recognition of revenue from more development projects as compared to the same corresponding quarter last year. Our Group recognized revenue from 8 development projects namely, The Montage, The Marque@Irrawaddy, The Azzuro, The Verte, The Adara, The Ambra, The Ambrosia and The Florentine in Q3FY2009.

We have obtained TOP for one of our projects, The Montage in July 2009.

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(b) Hotel Ownership and Property Investment

Revenue from our Hotel Ownership and Property Investment segment accounted for the remaining 25% of our Group's turnover in Q3FY2009, as compared to 37% in Q3FY2008.

Revenue from our Hotel Ownership segment decreased by 28% to $9.0 million in Q3FY2009 from $12.5 million in Q3FY2008. The decrease in revenue was due to the overall decline of our average occupancy rate (AOR) and average room rate (ARR) at our Grand Mercure Roxy Hotel. The decline was in line with the overall hotel industry performance. Our hotel's average occupancy rate (AOR) decreased from 89.1% in Q3FY2008 to 87.8% in Q3FY2009. Its ARR declined by 32% in Q3FY2009 to $137.7 as compared to $203.6 in Q3FY2008. As a result, revenue per available room (RevPar) decreased by 33% from $181.4 in Q3FY2008 to $120.9 in the current quarter.

Revenue from our Property Investment segment improved by 38% for the current quarter compared to Q3FY2008. The increase were mainly due to recognition of rental from our retail shop units at Kovan Centre from September 2009, as well as overall increase in rental yield from the renewal of lease for some of our shop units at Roxy Square.

(ii) Cost of sales and gross profit

In line with the higher revenue achieved, direct cost of total revenue in Q3FY2009 increased by $3.4 million or 16% from $21.0 million in Q3FY2008 to $24.4 million.

During the quarter, gross profit from our Property Development segment contributed $6.8 million or 52% of the total gross profit of the Group, with the balance 48% or $6.4 million contributed from our Hotel Ownership and Property Investment segments. The gross profit margin for our Property Development segment improved from 21% in Q3FY2008 to 24% in Q3FY2009. The increase was mainly due to recognition of more profitable development properties as compared to the previous corresponding period. The gross profit margin of our Hotel Ownership segment decreased from 71% in Q3FY2008 to 66% in the current quarter. The decrease was mainly due to decrease in hotel room revenue.

Overall, our Group's gross profit margin in Q3FY2009 decreased by 5 percentage points from 40% in Q3FY2008 to 35% in Q3FY2009. The overall decrease were mainly due to a higher revenue contribution from our Property Development segment which has a lower gross profit margin and lower gross profit margin from the Hotel Ownership segment.

(iii) Profit for the period

Our Group overall expenses decreased by $0.8 million or 12% in Q3FY2009 as compared to the same corresponding period last year. The decreased were mainly due to the following:

- Lower hotel payroll costs including savings from the job credit scheme;
- Lower management fees payable to hotel operator, which were in line with lower turnover & profitability of the Hotel Ownership segment; and
- Decrease in expenses such as credit card commission, other marketing expenses and replacement of hotel furniture, fittings and equipment.

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In Q3FY2009, our pre-tax profit before fair value gain increased by $0.2 million or 3% from $7.3 million in Q3FY2008 to $7.5 million. Our Group recorded a fair value gain on investment properties of $2.3 million in Q3FY2008. For the current period under review, no such fair value adjustment was required.

Our Group's effective tax rates in Q3FY2009 and Q3FY2008 were 17% and 10% respectively. The effective rates in Q3FY2008 were lower than the applicable tax rate of 17% mainly due to the utilisation of capital allowances and adjustment of overprovision from prior periods.

YTD Sep 2008 vs YTD Sep 2009

(i) Revenue

For the 9 months ended 30 September 2009 ("YTD Sep 2009"), our Group reported a 19% increase in turnover to $119.4 million from $100.1 million in the same period last year. The increase was mainly due to the significant 45% increase in the revenue from our Property Development segment and 21% increase in revenue from our Property Investment segment.

Revenue from our Hotel Ownership segment reported a decrease in revenue of 25% in YTD Sep 2009.

(a) Property Development

Revenue from our Property Development segment accounted for 76% of our Group's turnover in YTD Sep 2009 as compared to 62% in the previous period.

Revenue from our Property Development segment was up 45% from $62.4 million in the previous 9 months in FY2008 to $90.6 million in the current period. The main contributor to the increase in the revenue was mainly due to the progressive recognition of revenue from more development projects in current 9 months compared to the same corresponding period last year. In addition to the 8 development projects mentioned in the explanation note under our Q3 results, our Group recognized revenue from another 2 development projects namely Axis@Siglap and The Medley. Both projects have obtained TOP in the first half this year.

(b) Hotel Ownership and Property Investment

Revenue from our Hotel Ownership and Property Investment segment accounted for the remaining 24% of our Group's turnover in YTD Sep 2009, as compared to 38% in the 9 months ended 30 September 2008 ("YTD Sep 2008").

Revenue from our Hotel Ownership segment decreased by 25% to $27.6 million in the current 9 months from $36.8 million last year. The decrease was due to the decline in AOR and ARR at our Grand Mercure Roxy Hotel. The decline was in line with the overall hotel industry performance. In YTD Sep 2009, our hotel's AOR decreased from 88.0% last year to 84.0%. Its ARR declined by 27% from $205.2 in YTD Sep 2008 to $149.1 in YTD Sep 2009. As a result, revenue per available room (RevPar) decreased by 31% from $180.5 in YTD Sep 2008 to $125.2 in YTD Sep 2009.

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Revenue from our Property Investment segment improved by 21% in YTD Sep 2009 compared to the same period last year. The increase were mainly due to recognition of rental from our retail shop units at Kovan Centre from September 2009, as well as overall increase in rental yield from the renewal of lease for some of our shop units at Roxy Square.

(ii) Cost of sales and gross profit

In line with the higher revenue achieved, direct cost of total revenue in the YTD Sep 2009 increased by $17.5 million or 30% to $76.2 million from $58.7 million a year earlier.

During the current 9 months, gross profit from our Property Development segment contributed $23.4 million or 54% of the total gross profit of the Group, with the balance 46% or $19.7 million contributed from our Hotel Ownership and Property Investment segments. The gross profit margin for our Property Development segment improved from 22% in the YTD Sep 2008 to 26% in YTD Sep 2009, mainly due to recognition of more profitable development properties as compared to the previous corresponding period. The gross profit margin of our Hotel Ownership segment decreased from 73% in YTD Sep 2008 to 67% in the current period. The decrease was mainly due to the decrease in hotel room revenue.

Overall, our Group's gross profit margin in YTD Sep 2009 decreased by 5 percentage points from 41% in YTD Sep 2008 to 36% in YTD Sep 2009. As explained in the earlier paragraphs, the overall decrease was mainly due to higher revenue contribution from our Property Development segment which has a lower gross profit margin and lower gross profit margin from the Hotel Ownership segment.

(iii) Profit for the period

Our Group overall expenses decreased by $2.2 million or 11% in YTD Sep 2009 as compared to the same corresponding period last year. The decrease was mainly due to the followings:

- Lower hotel payroll costs including savings from the job credit scheme;
- Lower management fees payable to hotel operator, which were in line with lower turnover & profitability of the Hotel Ownership segment;
- Decrease in expenses such as credit card commission, other marketing expenses and replacement of hotel furniture, fittings and equipment; and
- Decrease in finance costs as a result of lower bank borrowings and lower interest rate charged by financial institutions

In YTD Sep 2009, our group's pre-tax profit before fair value gain improved by $4.0 million or 18% from $21.9 million in YTD Sep 2008 to $26.0 million. Our Group recorded a fair value gain on investment properties of $4.6 million in YTD Sep 2008. For the current period, no such fair value adjustment was required.

Our Group's effective tax rate in YTD Sep 2009 was 15%. This rate was lower than the applicable tax rate of 17% mainly due to the utilisation of capital allowances and adjustment of overprovision from prior periods.

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(iv) Cashflow, working capital and Balance Sheet

Our non-current assets comprise property, plant and equipment, investment properties and intangible assets. As at 30 September 2009, our Group's non-current assets totalled $121.7 million and represented 30% of our total assets. Investment properties amounted to $55.3 million or 45% of total non-current assets as at 30 September 2009. The increase in investment properties from $32.4 million as at 31 December 2008 to $55.3 million as at 30 September 2009 was due to the acquisition of the entire freehold retail space in Kovan Centre in September 2009.

Our current assets comprise mainly properties for sale under development, trade and other receivables and cash and bank balances. As at 30 September 2009, our Group's current assets totalled $280.7 million and represented 70% of our total assets. Properties for sale under development amounted to $145.3 million or 52% of total current assets as at 30 September 2009. The decrease in properties for sale under development from $186.1 million as at 31 December 2008 to $145.3 million as at 30 September 2009 was mainly due to TOP being obtained for three of our projects, Axis@Siglap in January 2009, The Medley in May 2009 and The Montage in July 2009.

Trade receivables amounted to $18.6 million as at 30 September 2009 and comprise mainly progress payments receivable from purchasers for projects under construction and the unbilled revenue portion of the recognised sales from our completed projects, Axis@Siglap, The Medley and The Montage.

As at 30 September 2009, project accounts, fixed deposits and cash and bank balances amounted to $115.9 million.

The Group recorded a net cash inflow from operating activities of $60.4 million for the 9 months ended 30 September 2009, as compared with net cash outflows of $5.4 million in the corresponding period last year. The improvement in cash flows from operating activities was mainly due to the decrease in properties for sale under development, which in turn was mainly due to the TOP of our projects and progress payments received from our development projects.

Our current liabilities comprise trade payables, other payables, provision for taxation and short term borrowings. As at 30 September 2009, our Group's current liabilities totalled $182.5 million and represented 66% of our total liabilities. The increase in trade payables from $4.8 million as at 31 December 2008 to $7.7 million as at 30 September 2009 was mainly due to increase in amount due to contractors for our projects as a result of more development projects as at 30 September 2009. Other payables comprise mainly provision for construction costs for completed projects, accrual of unbilled progress claims from contractors, provision for hotel management fees and provision for directors fees and staff bonuses. The decrease in other payables from $14.7 million as at 31 December 2008 to $11.2 million as at 30 September 2009 was mainly due to the payment of FY2008 hotel management fees as well as directors' and staff bonuses.

As at 30 September 2009, the Group's total borrowings amounted to $240.9 million with $74.7 million repayable within one year and $166.2 million repayable after one year. Of the $74.7 million borrowings repayable within one year, $48.9 million relates to our development projects which are fully or substantially sold, and are expected to obtain TOP by Q3FY2010. The decrease in the borrowings as at 30 September 2009 as compared to the balance as at 31 December 2008 was due to the repayment of land and construction loans for Axis@Siglap, The Medley and The Montage which had obtained TOP in the current 9 months ended 30 September 2009.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the second quarter and half year ended 30 June 2009.

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

Property Development

The Ministry of Trade and Industry (MTI) had on 12 October 2009 upgraded the economic growth forecast for 2009 to -2.5 to -2.0 per cent.

Based on the latest real estate statistics released by Urban Redevelopment Authority (URA) on 23 October 2009, overall prices of private residential properties increased by 15.8% in 3rd Quarter 2009, compared with the decline of 4.7% in the previous quarter. The increase in prices came in slightly lower than the Government's estimate earlier in October 2009 of a 15.9% rise. In 3rd Quarter 2009, 5,510 uncompleted private residential units were sold by developers, compared with 4,521 units in 2nd Quarter 2009.

Strong residential sales were registered in the third quarter of 2009. Pent-up demand, low interest rate environment, greater optimism about the economy and job market as a result of improving economic data showed that Singapore's recession is ending. All these factors have continued to improve the market sentiments driving the demand for mid-end and high-end homes. However, home demand started to lag supply in September possibly due to cooling measures introduced by the Government on Sept 14, including the removal of the interest absorption scheme and the resumption of schedule land sales. Buying momentum is likely to be slow for the rest of the year.

As of 30 September 2009, except for one unit, our Group has fully sold all our development projects. Our Group has total pre-sale revenue amounting to $396.9 million, of which only $81.6 million have been recognised as of 30 September 2009.

The balance amount of pre-sale revenue, i.e. $315.3 million will be progressively recognised from Q4FY2009 to FY2011. Our Group expects its earning in 2009 to continue to benefit from revenue recognition from its pre-sale revenue.

Having substantially sold all our development projects, we have started to replenish our land bank and had recently acquired a few land plots for residential development. The below table provides an update of our recent land acquisition:

Location	Area sqm	Allowable plot ratio	Purchase consideration $'m
154/A/B, 156/A/B Joo Chiat Place	1,055.5	1.4	6.3
233/A/B/C/D/E Tembeling Road	910.8	1.4	7.0
18 Spottiswoode Park Road*	3,890.2	2.8	100.8
162 Haig Road **	1,459.3	2.8	15.4

* the acquisition is subject to and conditional upon the obtaining of the agreement by 80% majority of the owners of the Development to the purchase price and inter alia the obtaining of a sale order from the Strata Titles Board under the Land Titles (Strata) Act (Cap. 158), if necessary

** the acquisition was made under our associated company, Mequity Two Pte. Ltd.

Hotel Ownership

According to the latest tourism statistics released by Singapore Tourism Board on 27 October 2009, visitor arrivals to Singapore registered its first growth by 7.1% this year to reach 799,000 visitors. For the hotel industry, all hotel tiers (Economy, Mid-Tier, Upscale and Luxury) registered a decline in RevPar by 27% in September 2009 versus the same month a year ago. For the mid-tier segment which our hotel is in, overall AOR and ARR in September 2009 was 79% and $148 respectively, a drop of 3 percentage points and 33% compared to the same month a year ago. As a result, overall RevPar of mid-tier hotels declined by 30% to register $117 in September 2009.

Our hotel is strategically located near the city area. We have gone ahead with a series of refurbishment works to our hotel in the current year in anticipating a busier year ahead as the economy improves. We believe that we should see a significant increase in demand for hotel rooms with the expected influx of tourists when the two integrated resorts are in operation and with the Youth Olympic Games next year.

Outlook

Barring any unforeseen circumstances, the directors expect the Group to be profitable in 2009.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

Not applicable

ON BEHALF OF THE BOARD
Koh Seng Geok
Executive Director

11 November 2009

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CONFIRMATION PURSUANT TO RULE 705 (5) OF THE LISTING MANUAL

We confirm on behalf of the Board of Directors that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the third quarter and the nine months ended 30 September 2009 to be false or misleading in any material respect.

ON BEHALF OF THE BOARD

Teo Hong Lim
Chairman & CEO

Koh Seng Geok
Executive Director

11 November 2009
Singapore