



**Roxy-Pacific  
Holdings Limited**

## **ROXY-PACIFIC HOLDINGS LIMITED**

(Registration Number: 196700135Z)

**UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND  
DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**



**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND  
ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

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**UNAUDITED SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**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**

	Second quarter ended 30 June			Half year ended 30 June		
	2013 S\$'000	2012 S\$'000	Change %	2013 S\$'000	2012 S\$'000	Change %
Revenue	68,891	52,720	31%	122,636	90,816	35%
Cost of sales	(45,471)	(32,171)	41%	(80,924)	(53,633)	51%
Gross profit	23,420	20,549	14%	41,712	37,183	12%
Other operating income	5,905	5,115	15%	6,843	5,727	19%
Distribution and selling expenses	(509)	(610)	-17%	(987)	(1,191)	-17%
Administrative expenses	(4,680)	(3,704)	26%	(6,734)	(5,470)	23%
Other operating expenses	(3,212)	(2,956)	9%	(6,072)	(6,084)	-
Finance costs	(1,433)	(1,106)	30%	(2,676)	(2,040)	31%
Share of results of associates (net of income tax)	2,279	434	425%	4,110	706	482%
Profit before taxation	21,770	17,722	23%	36,196	28,831	26%
Taxation	(2,236)	11	n/m	(4,839)	(2,054)	136%
<b>Profit after taxation</b>	<b>19,534</b>	<b>17,733</b>	<b>10%</b>	<b>31,357</b>	<b>26,777</b>	<b>17%</b>
<b>Other comprehensive income</b>						
Net change in fair value of available-for-sale financial assets	(54)	-	n/m	-	-	-
Net change in fair value of available-for-sale financial assets transferred to profit and loss account	-	-	n/m	(167)	-	n/m
Tax on other comprehensive income	9	-	n/m	-	-	-
<b>Other comprehensive income, net of tax</b>	<b>(45)</b>	<b>-</b>	<b>n/m</b>	<b>(167)</b>	<b>-</b>	<b>n/m</b>
<b>Total comprehensive income for the period</b>	<b>19,489</b>	<b>17,733</b>	<b>10%</b>	<b>31,190</b>	<b>26,777</b>	<b>16%</b>
Attributable to:						
Equity holders of the Company	19,487	17,733	10%	31,189	26,777	16%
Non-controlling interest	2	-	n/m	1	-	n/m
	19,489	17,733	10%	31,190	26,777	16%

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

	Second quarter ended			Half year ended		
	30 June			30 June		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>after charging:</b>						
Impairment loss on trade receivables	-	-	n/m	27	5	440%
Depreciation of property, plant and equipment	544	559	-3%	1,105	1,203	-8%
Directors' fees	39	39	-	78	78	-
Interest on borrowings	1,433	1,106	30%	2,676	2,040	31%
Staff costs (including directors' remuneration)						
- salaries, wages and bonuses	5,994	5,048	19%	9,249	8,277	12%
- contribution to defined contribution plans	239	221	8%	486	437	11%
- other personnel expenses	319	277	15%	667	591	13%
<b>and crediting:</b>						
Write back of impairment loss on trade receivables	-	10	n/m	-	16	n/m
Fair value gain on investment properties	5,327	4,403	21%	5,327	4,403	21%
Fair value gain on interest swaps	135	67	101%	148	40	270%
Gain on disposal of available-for sale financial assets	-	-	n/m	596	-	n/m
Over provision for tax in respect of prior year	-	2,397	-100%	-	2,397	-100%
Impairment loss on loan to an associate written back	-	-	n/m	46	-	n/m
Income from hotel money exchange operations	5	6	-17%	11	14	-21%
Interest income	160	118	36%	284	252	13%

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-Jun-13 S\$'000	31-Dec-12 S\$'000	30-Jun-13 S\$'000	31-Dec-12 S\$'000
<b>ASSETS</b>				
<b>Non-Current</b>				
Goodwill	1,672	1,672	-	-
Property, plant and equipment	81,744	76,147	56	47
Available for sale financial assets	709	1,684	-	-
Investments in subsidiaries	-	-	47,343	47,343
Investments in associates	11,341	6,837	-	-
Investment properties	66,032	61,247	-	-
	<b>161,498</b>	<b>147,587</b>	<b>47,399</b>	<b>44,390</b>
<b>Current</b>				
Properties for sale under development <sup>(1)</sup>	560,942	455,807	-	-
Inventories	126	134	-	-
Trade receivables	17,892	24,073	25	17
Other receivables	41,609	42,517	6,205	150
Amount due from subsidiaries	-	-	53,109	45,736
Project accounts	140,877	131,534	-	-
Fixed deposits	95,992	47,128	72,803	17,635
Cash and bank balances	86,695	75,354	55,090	45,249
	<b>944,133</b>	<b>776,547</b>	<b>187,232</b>	<b>108,787</b>
<b>Total assets</b>	<b>1,105,631</b>	<b>924,134</b>	<b>234,631</b>	<b>156,177</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	47,399	47,399	47,399	47,399
Fair value reserve	-	144	-	-
Retained earnings	228,571	206,038	46,729	54,519
Equity attributable to owners of the Company	<b>275,970</b>	<b>253,581</b>	<b>94,128</b>	<b>101,918</b>
Non-controlling interests	199	199	-	-
	<b>276,169</b>	<b>253,780</b>	<b>94,128</b>	<b>101,918</b>
<b>Liabilities</b>				
<b>Non-Current</b>				
Bank borrowings (secured)	115,823	77,481	-	-
Deferred tax liabilities	17,589	12,176	-	-
	<b>133,412</b>	<b>89,657</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
Trade payables	10,043	9,588	44	335
Other payables	23,549	25,070	3,505	6,320
Amount due to subsidiaries	-	-	132,827	43,511
Provision for taxation	7,595	12,151	127	93
Bank borrowings (secured)	654,863	533,888	4,000	4,000
	<b>696,050</b>	<b>580,697</b>	<b>140,503</b>	<b>54,259</b>
<b>Total liabilities</b>	<b>829,462</b>	<b>670,354</b>	<b>140,503</b>	<b>54,259</b>
<b>Total equity and liabilities</b>	<b>1,105,631</b>	<b>924,134</b>	<b>234,631</b>	<b>156,177</b>

<sup>(1)</sup> \$420.9 million (31-Dec-12: \$254.4 million) relates to the Group's sold development properties as at 30 June 2013.



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

	<u>30-Jun-13</u>		<u>31-Dec-12</u>	
	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
<b>Current</b>				
- Amount repayable in one year or less, or on demand	<b>236,950</b>	-	207,819	-
- Amount repayable after one year but within the normal operating cycle of Property Development segment	<b>417,913</b>	-	326,069	-
	<b>654,863</b>	-	533,888	-
<b>Non-current</b>				
Amount repayable after one year	<b>115,823</b>	-	77,481	-
	<b>770,686</b>	-	611,369	-

Details of collaterals

The borrowings are secured by;

- a) Freehold land and building;
- b) Proceeds from the sale of investment properties;
- c) Rental income from investment properties;
- d) Guarantee by the Company;
- e) Properties for sale under development; and
- f) Proceeds from sales of properties under development.

**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**

	Second quarter ended 30 Jun		Half year ended 30 Jun	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before taxation	21,770	17,722	36,196	28,831
Adjustments for:				
Depreciation of property, plant and equipment	544	559	1,105	1,203
Fair value (gain) / loss on interest rate swaps	(134)	(67)	(147)	(40)
Share of associates' results	(2,279)	(434)	(4,110)	(706)
Interest income	(160)	(118)	(284)	(252)
Interest expense on bank borrowings	3,674	2,323	7,070	4,659
Fair value gain on investment properties	(5,327)	(4,403)	(5,327)	(4,403)
Reversal of impairment loss on advances to associate	-	-	(46)	
Gain on disposal of available-for-sale financial asset	-	-	(596)	
Operating profit before working capital changes	18,088	15,582	33,861	29,292
Changes in inventories	(5)	1	7	20
Changes in operating receivables	(11,215)	(5,716)	4,302	4,391
Changes in operating payables	(1,229)	(1,452)	(1,076)	(5,321)
Changes in properties for sale under development	12,914	29,773	(105,134)	64,215
Cash generated from operations	18,553	38,188	(68,040)	92,597
Income tax paid	(4,002)	(1,940)	(3,986)	(1,654)
Net cash generated from / (used in) operating activities	14,551	36,248	(72,026)	90,943
<b>Cash Flows from Investing Activities</b>				
Investment in associates	(189)	(506)	(189)	(506)
Investment in quoted equity shares	-	(709)	1,430	(709)
Repayment from/(Advances to) associates	2,655	(236)	2,628	(808)
Acquisition of property, plant and equipment	(3,240)	(259)	(6,160)	(417)
Acquisition of investment property	-	(1,001)	-	(1,001)
Interest received	160	118	284	252
Net cash used in investing activities	(614)	(2,593)	(2,007)	(3,189)
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	94,309	-	187,649	-
Repayment of borrowings	(28,209)	(31,711)	(28,333)	(73,417)
Fixed deposit released/(pledged) to banks and financial institutions	-	-	383	(387)
Interest paid	(3,496)	(2,197)	(6,912)	(4,668)
Dividend paid	(8,823)	(12,731)	(8,823)	(12,731)
Net cash generated from /(used in) financing activities	53,781	(46,639)	143,964	(91,203)
Net increase / decrease in cash and cash equivalents	67,718	(12,984)	69,931	(3,449)
Cash and cash equivalents at beginning of period	255,430	237,732	253,217	228,197
Cash and cash equivalents at end of period	323,148	224,748	323,148	224,748



	<b>Second quarter ended</b>		<b>Half year ended</b>	
	<b>30 Jun</b>		<b>30 Jun</b>	
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Analysis of cash and cash equivalents:-				
Project accounts (Note 1)	<b>77,877</b>	34,373	<b>77,877</b>	34,373
Fixed deposits in project accounts (Note 1)	<b>63,000</b>	103,000	<b>63,000</b>	103,000
Fixed deposits	<b>95,992</b>	55,828	<b>95,992</b>	55,828
Cash and bank balances	<b>86,695</b>	33,146	<b>86,695</b>	33,146
Less: Fixed deposits pledged to banks and financial institution	<b>(416)</b>	(1,599)	<b>(416)</b>	(1,599)
	<b>323,148</b>	224,748	<b>323,148</b>	224,748

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 properties developed for sale.



**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**

<b>Group</b>	<b>Share capital</b>	<b>Fair value reserve</b>	<b>Retained profits</b>	<b>Equity attributable to owners of the Company</b>	<b>Non-Controlling Interests</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 January 2012						
As previously reported	47,399	-	162,547	209,946	-	209,946
Impact of adoption of amendments to FRS 12	-	-	4,317	4,317	-	4,317
As restated	47,399	-	166,864	214,263	-	214,263
Total comprehensive income for the period	-	-	9,044	9,044	-	9,044
Balance at 31 March 2012	47,399	-	175,908	223,307	-	223,307
Total comprehensive income for the period	-	-	17,733	17,733	-	17,733
Dividend paid	-	-	(12,731)	(12,731)	-	(12,731)
Balance at 30 June 2012	47,399	-	180,910	228,309	-	228,309
Balance at 1 January 2013	<b>47,399</b>	<b>144</b>	<b>206,038</b>	<b>253,581</b>	<b>199</b>	<b>253,780</b>
Profit for the period	-	-	<b>11,824</b>	<b>11,824</b>	<b>(1)</b>	<b>11,823</b>
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	<b>54</b>	-	<b>54</b>	-	<b>54</b>
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	<b>(167)</b>	-	<b>(167)</b>	-	<b>(167)</b>
Tax on other comprehensive income	-	<b>(9)</b>	-	<b>(9)</b>	-	<b>(9)</b>
Total other comprehensive income for the period	-	<b>(122)</b>	-	<b>(122)</b>	-	<b>(122)</b>
Balance at 31 Mar 2013	<b>47,399</b>	<b>22</b>	<b>217,862</b>	<b>265,283</b>	<b>198</b>	<b>265,481</b>
Profit for the period	-	-	<b>19,534</b>	<b>19,534</b>	<b>1</b>	<b>19,535</b>
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	-	<b>(27)</b>	-	<b>(27)</b>	-	<b>(27)</b>
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	-	-
Tax on other comprehensive income	-	<b>5</b>	-	<b>5</b>	-	<b>5</b>
Total other comprehensive income for the period	-	<b>(22)</b>	-	<b>(22)</b>	-	<b>(22)</b>
Dividend paid	-	-	<b>(8,825)</b>	<b>(8,825)</b>	-	<b>(8,825)</b>
Balance at 30 June 2013	<b>47,399</b>	-	<b>228,571</b>	<b>275,970</b>	<b>199</b>	<b>276,169</b>



	Share capital	Fair value reserve	Retained profits	Equity attributable to owners of the company	Non-controlling Interests	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2012	47,399	-	28,906	76,305	-	76,305
Total comprehensive income for the period	-	-	88	88	-	88
Balance at 31 March 2012	47,399	-	28,994	76,393	-	76,393
Total comprehensive income for the period	-	-	6,479	6,479	-	6,479
Dividend paid	-	-	(12,731)	(12,731)	-	(12,731)
Balance at 30 June 2012	47,399	-	22,742	70,141	-	70,141
Balance at 1 January 2013	47,399	-	54,519	101,918	-	101,918
Total comprehensive income for the period	-	-	131	131	-	131
Balance at 31 March 2013	47,399	-	54,650	102,049	-	102,049
Total comprehensive income for the period	-	-	904	904	-	904
Dividend paid	-	-	(8,825)	(8,825)	-	(8,825)
Balance at 30 June 2013	47,399	-	46,729	94,128	-	94,128

**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 changes in the Company's share capital during the half year ended 30 June 2013.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30-Jun-13	31-Dec-12
Total number of ordinary shares issued and fully paid	954,840,000	954,840,000

**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.

**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**

The Group has applied the same accounting policies and methods of computation in the financial information for the current financial period compared with those for the audited financial statements as at 31 December 2012.

**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**

	Second quarter ended 30-Jun		Half year ended 30-Jun	
	2013	2012	2013	2012
<b>Earnings per share ("EPS") for the financial period</b>				
(a) Based on the weighted average number of ordinary shares in issue (cents)	2.05	1.86	3.28	2.80
(b) On fully diluted basis (cents)	2.05	1.86	3.28	2.80
Profit attributable to shareholders of the Company (\$'000)	19,534	17,733	31,358	26,777
Weighted average number of shares ('000)	954,840	954,840	954,840	954,840

The Company did not have any stock options or dilutive potential ordinary shares during the 6-month periods ended 30 June 2013 and 2012.



**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**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>	<b>30-Jun-13</b>	<b>31-Dec-12</b>
Net asset value (“NAV”) per ordinary shares based on total post-bonus issue of 954,840,000 ordinary shares (cents)	<b>28.90</b>	26.56	<b>9.86</b>	10.67

The Group adopts the cost model under *FRS16 Property, Plant and Equipment*, and measures its property, plant and equipment at cost less depreciation and impairment loss. If it had applied the fair value model under FRS16, a revaluation surplus would arise as a result of the excess of the fair value of the Grand Mercure Roxy Hotel and office premise over their carrying amounts. As at 30 June 2013, our directors estimated that the fair value of these properties was estimated to be \$461.9 million (31 December 2012: \$459.7 million). For the fair value of office premises, it was based on the valuation carried out by an independent valuer on 30 June 2013, on the direct comparison method, investment method and replacement cost method. The revaluation surplus is estimated to be approximately \$380.8 million (31 December 2012: \$384.5 million). Had this revaluation surplus been recorded the Group’s adjusted net asset value (“ANAV”) per share would have been as follows:

	<b>Group</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>
ANAV per ordinary share based on total post-bonus issue of 954,840,000 ordinary (cents)	<b>68.79</b>	66.83



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

GROUP	Second quarter ended 30-Jun				Change Increase/ (Decrease)	Half year ended 30-Jun				Change Increase/ (Decrease)
	2013 S\$'000		2012 S\$'000			2013 S\$'000		2012 S\$'000		
<b>REVENUE</b>										
Property Development	57,032	83%	39,923	76%	43%	99,438	81%	64,536	71%	54%
Hotel Ownership	11,434	16%	12,383	23%	-8%	22,352	18%	25,454	28%	-12%
Property Investment – Rental income	425	1%	414	1%	3%	846	1%	826	1%	2%
	68,891	100%	52,720	100%	31%	122,636	100%	90,816	100%	35%
<b>GROSS PROFIT</b>										
Property Development	15,351	66%	11,622	57%	32%	26,189	63%	18,823	51%	39%
Hotel Ownership	7,781	33%	8,640	42%	-10%	14,953	36%	17,776	48%	-16%
Property Investment	288	1%	287	1%	-	570	1%	584	1%	-2%
	23,420	100%	20,549	100%	14%	41,712	100%	37,183	100%	12%
<b>GROSS PROFIT MARGIN (%)</b>										
Property Development	27%		29%		-2ppt	26%		29%		-3ppt
Hotel Ownership	68%		70%		-2ppt	67%		70%		-3ppt
Property Investment – Rental income	68%		69%		-1ppt	67%		71%		-4ppt
Total	34%		39%		-5ppt	34%		41%		-7ppt
<b>ADJUSTED EBITDA</b>										
Property Development	17,664	64%	12,324	56%	43%	30,149	68%	19,854	55%	52%
Hotel Ownership	4,313	16%	5,210	23%	-17%	8,242	19%	10,930	31%	-25%
Property investment - Rental income	290	1%	296	1%	-2%	519	1%	574	2%	-10%
Property investment - Fair value gain on investment properties	5,327	19%	4,403	20%	21%	5,327	12%	4,403	12%	21%
	27,594	100%	22,233	100%	24%	44,237	100%	35,761	100%	24%
<b>PROFIT BEFORE TAXATION</b>										
Adjusted EBITDA	27,594		22,233		24%	44,237		35,761		24%
Corporate expenses	(4,007)		(2,964)		35%	(5,140)		(3,939)		31%
Depreciation of property, plant and equipment	(544)		(559)		-3%	(1,105)		(1,203)		-8%
Finance costs, net	(1,273)		(988)		29%	(2,392)		(1,788)		33%
Gain on disposal of available-for-sale	-		-		-	596		-		n/m
	21,770		17,722		23%	36,196		28,831		26%



## **2Q2013 vs 2Q2012**

### **(i) Revenue**

The Group achieved revenue of \$68.9 million in 2Q2013, 31% higher as compared to \$52.7 million in 2Q2012. The increase was the result of 43% and 3% increase in revenue from the Property Development segment and the Property Investment segment respectively, partly offset by 8% decrease in revenue from the Hotel Ownership segment.

#### **(a) Property Development**

Revenue from the Property Development segment, which made up of 83% of the Group's turnover, increased by 43% from \$39.9 million in 2Q2012 to \$57.0 million in 2Q2013 largely due to the development progress of several projects, namely Spottiswoode 18, Jupiter 18 and Space@Kovan as well as revenue recognition of two new development projects, Treescape and The MKZ. The overall revenue recognition for these five development projects in 2Q2013 surpassed the revenue recognition in 2Q2012.

#### **(b) Hotel Ownership and Property Investment**

Revenue from the Hotel Ownership segment, which contributed 16% to the Group's turnover, decreased 8% from \$12.4 million in 2Q2012 to \$11.4 million in 2Q2013 mainly due to the closure of rooms for renovation. The room renovation was completed in Jun 2013. The hotel's average occupancy rate ("AOR") decreased to 83.8% in 2Q2013, as compared to 90.7% in 2Q2012. Average room rate ("ARR") also decreased by 2% to \$196.2 in 2Q2013 from \$199.8 in 2Q2012. Overall, the Group's revenue per available room ("RevPar") decreased by 9% from \$181.2 in 2Q2012 to \$164.4 in the current quarter.

The Group's Property Investment segment contributed the remaining 1% revenue to the Group's turnover. With higher rental rates from shop units in Roxy Square, the Property Investment segment achieved a higher turnover at \$0.43 million in 2Q2013 as compared to \$0.41 million in 2Q2012.

### **(ii) Cost of sales and gross profit**

In line with the increase in revenue, direct cost of total revenue increased by \$13.3 million or 41% from \$32.2 million in 2Q2012 to \$45.5 million in 2Q2013.

Gross profit from the Property Development segment contributed \$15.4 million or 66% of the total gross profit of the Group, with the balance 34% or \$8.0 million contributed by the Hotel Ownership and Property Investment segments. The gross profit margin for the Property Development segment decreased by 2 percentage points from 29% in 2Q2012 to 27% in 2Q2013. This is mainly due to the absence of revenue recognition from projects namely Nova 88, The Verte and Studio@Tembeling which have higher profit margins. These projects were completed in 2012. The gross profit margin of the Hotel Ownership segment decreased by 2 percentage points from 70% in 2Q2012 to 68% in the current quarter mainly due to lower room revenue. The gross profit margin decrease marginally from 69% in 2Q2012 to 68% in the current quarter for the Group's Property Investment segment.

As a result the Group's overall gross profit margin decreased by 5 percentage points from 39% in 2Q2012 compared to 34% in the current quarter.



**(iii) Profit for the period**

The Group's other operating income increased from \$5.1 million in 2Q2012 to \$5.9 million in 2Q2013 largely due to the higher fair value gain of \$5.3 million in 2Q2013 compared to \$4.4 million in 2Q2012.

Distribution and selling expenses decreased from \$0.6 million in 2Q2012 to \$0.5 million in 2Q2013 mainly due to the decrease in marketing expenses, which is in line with the decrease in hotel's turnover.

Administrative expenses increased from \$3.7 million in 2Q2012 to \$4.7 million in 2Q2013 mainly due to higher provision for directors performance bonuses, which in line with higher profitability for the current quarter.

Finance costs increased from \$1.1 million in 2Q2012 to \$1.4 million in 2Q2013 mainly due to the loan interests incurred in respect of working capital loans drawn since 3Q2012.

The Group's share of profits of associates increased from \$0.4 million to \$2.3 million mainly due to the profits recognition from joint-venture projects, namely Natura@Hillview, Eon Shenton, Haig 162 and Notinghill Suites. In 2Q2012, the share of profits of associates was from Haig 162. The Temporary Occupation Permits ("TOP") for Haig 162 was obtained in June 2013.

Overall, the Group's pre-tax profits in 2Q2013 increased by 23% to \$21.8 million mainly due to higher operating profits from Property Development segment.

The tax credit in 2Q2012 was the result of a write-back of over-provision of prior year deferred tax liabilities amounting to \$2.4 million, partially offset by the taxation in respect of the same quarter.

Profit after taxation increased by 10% from \$17.7 million in 2Q2012 to \$19.5 million in 2Q2013.



## **1H2013 vs 1H2012**

### **(i) Revenue**

For the first half ended 30 June 2013, the Group registered a 35% increase in revenue to \$122.6 million from \$90.8 million in 1H2012. The increase was the result of 54% and 2% increase in revenue from the Property Development and the Property Investment segment respectively, partly offset by 12% decrease in revenue from the Hotel Ownership segment.

#### **(a) Property Development**

Revenue from the Property Development segment, which made up of 81% of the Group's turnover, increased 54% from \$64.5 million in 1H2012 to \$99.4 million in 1H2013. This increase was largely due to the development progress of five development projects namely Treescape, The MKZ, Spottiswoode 18, Jupiter 18 and Space@Kovan. Overall, the revenue recognition for these projects surpassed the revenue recognition in 1H2012.

#### **(b) Hotel Ownership and Property Investment**

Revenue from the Hotel Ownership segment, which constituted 18% of Group's turnover, decreased by 12% to \$22.4 million in 1H2013 from \$25.5 million in 1H2012 mainly due to the closure of rooms for renovation. The room renovation was completed in June 2013. The hotel's average occupancy rate ("AOR") decreased to 81.5% in 1H2013, as compared to 91.7% in 1H2012. Average room rate ("ARR") also decreased by 2% to \$196.1 in 1H2013 from \$200.6 in 1H2012. Overall, the Group's revenue per available room ("RevPar") decreased by 13% from \$184.0 in 1H2012 to \$159.8 in 1H2013.

The remaining revenue contribution was attributable to the Property Investment segment. With higher rental rates from shop units in Roxy Square, the Property Investment segment achieved higher revenue in 1H2013 at \$0.85 million as compared to \$0.83 million in 1H2012.

### **(ii) Cost of sales and gross profit**

In line with the increase in revenue, direct cost of total revenue in 1H2013 increased by \$27.3 million or 51% from \$53.6 million in 1H2012 to \$80.9 million in 1H2013.

Gross profit from the Property Development segment contributed \$26.2 million or 63% of the total gross profit of the Group, with the balance 37% or \$15.5 million contributed from the Hotel Ownership and Property Investment segments. The gross profit margin for the Property Development segment decreased from 29% in the 1H2012 to 26% in 1H2013. This was mainly due to the absence of revenue recognition from projects namely Nova 88, The Verte and Studio@Tembeling which have higher profit margins. These projects were completed in 2012. The gross profit margin of the Hotel Ownership segment decreased from 71% in 1H2012 to 67% in 1H2013 mainly due to lower room revenue whilst gross profit margin of the Property Investment segment declined by 4 percentage points from 71% in 1H2012 to 67% in 1H2013.

As a result, the Group's overall gross profit margin decreased by 7 percentage points from 41% in 1H2012 to 34% in 1H2013.





### **(iii) Profit for the period**

The Group's other operating income increased from \$5.7 million in 1H2012 to \$6.8 million in 1H2013 largely due to a higher fair value gain of \$5.3 million on its investment properties as compared to \$4.4 million in 1H2012.

Distribution and selling expenses decreased from \$1.2 million in 1H2012 to \$1.0 million in 1H2013 mainly due to the decrease in marketing expenses, which is in line with the decrease in hotel's turnover.

Administrative expenses increased from \$5.5 million in 1H2012 to \$6.7 million in 1H2013 mainly due to higher provision for directors performance bonuses, which is in line with higher profitability for the current half year

Finance costs increased from \$2.0 million in 1H2012 to \$2.7 million in 1H2013 mainly due to the loan interests incurred in respect of working capital loans drawn since 3Q2012.

The Group's share of profits of associates increased from \$0.7 million in 1H2012 to \$4.1 million in 1H2013 mainly due to profits recognition from joint-venture projects namely Natura@Hillview, Eon Shenton and Haig 162 and Notingham Suites. In 1H2012, the share of profits was from Haig 162. The Temporary Occupation Permits ("TOP") for Haig 162 was obtained in June 2013.

Overall, the Group's pre-tax profits improved by 26% from \$28.8 million in 1H2012 to \$36.2 million in 1H2013 mainly due to higher profits from the Property Development segment.

Profit after taxation increased by 17% to \$31.4 million in the current half year.

### **(iv) Cashflow, working capital and Balance Sheet**

The Group's non-current assets comprise property, plant and equipment, investment properties, investment in subsidiaries, investments in associates, available-for-sale financial assets and goodwill. As at 30 June 2013, this amounted to \$161.5 million and represented 15% of the Group's total assets.

Property, plant and equipment accounted for \$81.7 million or 51% of total non-current assets as at 30 June 2013. The increase from \$76.1 million as at 31 December 2012 to \$81.7 million as at 30 June 2013 was mainly due to upgrading works to the hotel rooms, as well as change of use of 1 shop unit at Roxy Square, previously held as investment property, to office premise. Available for sale financial assets decreased from \$1.7 million as at 31 December 2012 to \$0.7 million as at 30 June 2013 due to the disposal of equity interest in quoted securities in 1Q2013. Investment in associates increased from \$6.8 million as at 31 December 2012 to \$11.3 million as at 30 June 2013 due to the increase in share of profits of associates in 1H2013.

The Group's current assets comprise mainly properties for sale under development, inventories, trade and other receivables and cash and cash equivalents. As at 30 June 2013, this amounted \$944.1 million and represented 85% of the total assets. Properties for sale under development accounted for \$560.9 million or 59% of total current assets as at 30 June 2013. The increase in properties for sale under development from \$455.8 million as at 31 December 2012 to \$560.9 million as at 30 June 2013 was mainly due to completion of land purchase at 334 Pasir Panjang Singapore and 13 & 15 Wilkie Terrace.



Trade receivables amounted to \$17.9 million as at 30 June 2013 and comprised mainly of progress payments receivable from purchasers for projects under construction and unbilled revenue portion of the recognised sales from the completed projects. The decrease in trade receivables from \$24.1 million as at 31 December 2012 to \$17.9 million as at 30 June 2013 was mainly due to collections from purchasers from Nova 48 and The Verte.

Other receivables comprise mainly deposits, prepayments and other receivables. The decrease in other receivables from \$42.5 million as at 31 December 2012 to \$41.6 million as at 30 June 2013 was mainly due to the repayment of shareholder's loan from an associate company, offset by deposits on the two new land purchases.

At Company level, the increase in amount due from subsidiaries was mainly due to funding to subsidiaries for the completion of land purchase as explained above.

As at 30 June 2013, project accounts, fixed deposits and cash and bank balances, less restricted cash amounted to \$323.1 million.

The Group recorded net cash outflows from operating activities of \$72.0 million in 1H2013, as compared to net cash inflows of \$90.9 million in 1H2012. The increase in net cash outflows from operating activities was mainly due to the increase in the properties for sale under development of \$105.1 million in 1H2013 due to completion of land purchases as mentioned above.

As at 30 June 2013, the Group recorded net cash outflows from investing activities of \$2.0 million, mainly due to the upgrading of hotel rooms during the period.

As at 30 June 2013, the net cash inflows from financing activities of \$144.0 million mainly due to the proceeds from the drawdown of land and working capital loans during the period.

The Group's current liabilities comprise trade payables, other payables, provision for taxation and bank borrowings. As at 30 June 2013, this amounted \$696.1 million and represented 84% of the total liabilities. Other payables comprise mainly accruals for construction costs for completed projects, accruals of unbilled progress claims from contractors, provision for hotel management fees and provision for directors and staff bonuses. The decrease in other payables from \$25.1 million as at 31 December 2012 to \$23.5 million was mainly due to payment of 2012 directors and staff bonuses.

At Company level, the increase in amount due to subsidiaries and cash and cash equivalents was mainly due to funds transfer to the holding company for centralised treasury management.

As at 30 June 2013, the Group's total borrowings amounted to \$770.7 million, with \$237.0 million repayable within one year and \$533.7 million repayable after one year. The increase in the total borrowings from \$611.4 million as at 31 December 2012 to \$770.7 million as at 30 June 2013 was mainly due to the loan drawdown for the completion of land purchase as explained above, term loan from the refinancing of certain shop units at Roxy Square as well as drawdown of working capital loans during the period.

**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 first quarter ended 31 March 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**

Property Development

Based on advance estimates by Ministry of Trade and Industry Singapore (“MTI”) on 12 July 2013, the Singapore economy grew by 3.7 per cent on a year-on-year basis in the 2<sup>nd</sup> quarter of 2013, compared to 0.2% in the 1Q2013. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 15.2%, faster than the 1.8 per cent growth in the previous quarter.

Based on the latest statistics released by Urban Redevelopment Authority (URA) on 26<sup>th</sup> July 2013, prices of private residential properties increased by 1.0% in 2<sup>nd</sup> Quarter 2013, compared with 0.6% price growth recorded in 1<sup>st</sup> Quarter 2013.

As at 24 July 2013, the Group has a balance amount of attributable progress billings of approximately \$1,080.3 million from the following projects, the profits of which will be recognised from 3Q2013 to FY2017.

	Project name	Type of development	Group stake	Total units in project	Unit sold	Attributable total sale value <sup>(1)</sup>	Attributable revenue recognised up to 30 Jun 2013	Balance attributable progress billings to be recognised from 3Q2013
			%	Unit	%	\$'m	\$'m	\$'m
1	Straits Residences	Residential	100%	30	97%	19.6	18.4	1.2
2	Jupiter 18	Residential	100%	53	100%	35.8	27.9	7.9
3	Space@Kovan	Shop	100%	56	100%	46.6	14.1	32.5
		Residential	100%	140	100%	113.1	34.2	78.9
4	Spottiswoode 18	Residential	100%	251	100%	254.4	126.3	128.1
5	Nottinghill Suites	Residential	45%	124	100%	39.5	8.5	31.0
6	Wis@Changi	Shop	100%	7	100%	4.9	-	4.9
		Restaurant	100%	16	100%	12.9	-	12.9
		office	100%	60	100%	60.5	-	60.5
7	Centropod@Changi	Shop	100%	108	100%	54.4	-	54.4
		Restaurant	100%	9	100%	8.3	-	8.3
		Office	100%	75	100%	78.7	-	78.7
8	Treescape	Residential	100%	30	100%	29.2	9.5	19.7
9	Millage	Residential	48%	70	100%	23.5	0.3	23.2
		Shop	48%	86	100%	28.7	0.4	28.3



	Project name	Type of development	Group stake	Total units in project	Unit sold	Attributable total sale value <sup>(1)</sup>	Attributable revenue recognised up to 30 Jun 2013	Balance attributable progress billings to be recognised from 3Q2013
10	Natura@Hillview	Residential	49%	193	100%	72.2	12.3	59.9
11	Eon Shenton	Office	20%	98	97%	57.8	3.6	54.2
		Residential	20%	132	93%	37.3	2.4	34.9
		Shop	20%	23	100%	4.8	0.3	4.5
12	The MKZ	Residential	100%	42	100%	51.8	8.6	43.2
13	Jade Residences <sup>(2)</sup>	Residential	100%	171	60%	123.6	-	123.6
		Shop	100%	2	0%	-	-	-
14	Whitehaven <sup>(3)</sup>	Residential	100%	120	76%	109.8	-	109.8
		Shop	100%	1	100%	1.2	-	1.2
15	LIV on Sophia <sup>(3)</sup>	Residential	90%	64	100%	78.5	-	78.5
	<b>Total</b>			<b>1,961</b>		<b>1,347.1</b>	<b>266.8</b>	<b>1,080.3</b>

<sup>(1)</sup> Based on Option to Purchase granted up to 24 July 2013.

<sup>(2)</sup> Launched in April 2013

<sup>(3)</sup> Launched in May 2013



In addition, the Group has the following land plots with a total attributable gross floor area of approximately 586,638 square foot for development:

<b>Location / Description</b>	<b>Approximate Land Area</b>	<b>Approximate Gross Floor Area</b>	<b>Group's stake</b>	<b>Approximate Attributable Gross Floor Area</b>	<b>Approximate Attributable Land Cost</b>
211-223A Pasir Panjang Road, Singapore <sup>(1)</sup> (Currently known as Harbour View Gardens)	(sqf) 30,745	(sqf) 43,043	% 45%	(sqf) 19,369	\$'m 14.9
LIV on Wilkie 7/9/11/13/15 Wilkie Terrace, Singapore	22,533	47,319	90%	42,587	51.8
134B Lorong K Telok Kurau Singapore (Currently known as Sunnyvale)	23,160	32,423	100%	32,423	25.0
111 Tampines Road Singapore <sup>(2)</sup> (Currently known as Yi Mei Garden)	78,030	163,862	100%	163,862	136.0
Lot 3370, Section 41, Jalan Dewan Sultan Sulaiman, Kuala Lumpur	64,131	698,717	47%	328,397	16.9 <sup>(3)</sup>
	218,599	985,364		586,638	244.6

<sup>(1)</sup> the acquisition is subject to and conditional upon the approval of the Court.

<sup>(2)</sup> the acquisition is subject to and conditional upon the obtaining of an Order for Sale from the Strata Titles Board or the Court (as case may be) approving this sale and purchases, if necessary.

<sup>(3)</sup> equivalent to RM42,198,441.

The Group continues to enjoy a healthy cashflow with high earnings visibility. Coupled with a sizeable landbank, this will put the Group on a firm ground to navigate forward.



### Hotel Ownership

Singapore Tourism Board (“STB”) has forecasted tourism receipts of between S\$23.5 to S\$24.5 billion and visitor arrivals of between 14.8 million and 15.5 million in 2013. Recent developments such as the Gardens By the Bay, new properties at Sentosa which include W Singapore Sentosa Cove as well as the River Safari and Marine Life Park, the world’s largest oceanarium, add to the variety of novel experiences available in Singapore. Upcoming developments such as Singapore Sports Hub, and National Art Gallery will also further expand Singapore’s inventory of interesting and unconventional MICE venues.

The upgrading and improvements made to the Grand Mercure Roxy Hotel is akin to applying a fresh shine to our core Hospitality business. In a leisure and business tourism landscape that is constantly evolving, the Group believes that this pegs us attractively in the minds of savvy visitors, who are looking for the complete Singaporean experience. Along with Singapore’s healthy pipeline of upcoming MICE events, we are optimistic that the demand for our hotel rooms should continue to be strong in the 2<sup>nd</sup> half of 2013.

### Outlook

Barring any unforeseen circumstances, the directors expect the Group to be profitable in 2013.

## **11. Dividend**

### ***(a) Current Financial Period Reported On***

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

<u>Name of Dividend</u>	<u>Interim</u>
Dividend Type	Cash (Ordinary)
Dividend Rate	0.77 cents per ordinary share
Total Dividend Amount	\$7,352,268
Tax Rate	Tax exempt (one-tier tax)

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

<u>Name of Dividend</u>	<u>Interim</u>
Dividend Type	Cash (Ordinary)
Dividend Rate	0.67 cents per ordinary share
Total Dividend Amount	\$6,397,428
Tax Rate	Tax exempt (one-tier tax)



*(c) Date payable*

23 August 2013

*(d) Books closure date*

15 August 2013

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

Not applicable

**13. Interested Person Transactions**

The Company does not have a shareholders' mandate for interested person transactions. There were no interested person transactions during the period.

**ON BEHALF OF THE BOARD**

Teo Hong Lim  
Chairman & CEO

Koh Seng Geok  
Executive Director & CFO

1 August 2013  
Singapore



**Roxy-Pacific  
Holdings Limited**

**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 second quarter and six months ended 30 June 2013 to be false or misleading in any material respect.

**ON BEHALF OF THE BOARD**

Teo Hong Lim  
Chairman & CEO

Koh Seng Geok  
Executive Director & CFO

1 August 2013  
Singapore