



ROXY-PACIFIC HOLDINGS LIMITED

(Registration Number: 196700135Z)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014



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UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

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

| | First quarter ended 31 March | | |
|---|---|----------------|---------------|
| | 2014 | 2013 | Change |
| | S\$'000 | S\$'000 | % |
| Revenue | 79,454 | 53,745 | 48% |
| Cost of sales | (54,350) | (35,453) | 53% |
| Gross profit | 25,104 | 18,292 | 37% |
| Other operating income | 243 | 938 | -74% |
| Distribution and selling expenses | (517) | (478) | 8% |
| Administrative expenses | (3,272) | (2,054) | 59% |
| Other operating expenses | (3,677) | (2,860) | 29% |
| Finance costs | (1,628) | (1,243) | 31% |
| Share of results of associates (net of income tax) | 1,026 | 1,831 | -44% |
| Profit before taxation | 17,279 | 14,426 | 20% |
| Taxation | (2,317) | (2,603) | -11% |
| Profit after taxation | 14,962 | 11,823 | 27% |
| Other comprehensive income | | | |
| Net change in fair value of available-for-sale financial asset | 176 | 54 | 226% |
| Net change in fair value of available-for-sale financial asset transferred to profit and loss account | - | (167) | -100% |
| Tax on other comprehensive income | (30) | (9) | 233% |
| Other comprehensive income after tax | 146 | 122 | 20% |
| Total comprehensive income for the period | 15,108 | 11,701 | 29% |
| Attributable to: | | | |
| Equity holders of the Company | 15,120 | 11,702 | 29% |
| Non-controlling interests | (12) | (1) | -1100% |
| | 15,108 | 11,701 | 29% |

n/m: Not meaningful



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

| | First quarter ended 31 March | | Change % |
|--|---|-------------------------|---------------------|
| | 2014 S\$'000 | 2013 S\$'000 | |
| after charging: | | | |
| Depreciation of property, plant and equipment | 1,010 | 561 | 80% |
| Directors' fees | 38 | 39 | -3% |
| Interest on borrowings | 1,628 | 1,243 | 31% |
| Foreign exchange loss (unrealised) | 304 | - | n/m |
| Staff costs (including directors' remuneration) | | | |
| - salaries, wages and bonuses | 4,555 | 3,255 | 40% |
| - contributions to defined contribution plans | 271 | 247 | 10% |
| - other personnel expenses | 387 | 348 | 11% |
| and crediting: | | | |
| Fair value gain on interest swaps | - | 13 | -100% |
| Gain on disposal of available-for-sale financial asset | - | 596 | -100% |
| Impairment loss on loan to an associate written back | - | 46 | -100% |
| Income from hotel money exchange operations | 5 | 6 | -17% |
| Interest income | 148 | 124 | 19% |

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 | |
|--|------------------|------------------|------------------|------------------|
| | 31-Mar-14 | 31-Dec-13 | 31-Mar-14 | 31-Dec-13 |
| ASSETS | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Non-Current | | | | |
| Property, plant and equipment | 80,935 | 81,942 | 79 | 85 |
| Available-for-sale financial assets | 2,382 | 2,207 | - | - |
| Investments in subsidiaries | - | - | 47,343 | 47,343 |
| Investments in associates | 17,752 | 16,726 | - | - |
| Investment properties | 67,987 | 67,987 | - | - |
| | 169,056 | 168,862 | 47,422 | 47,428 |
| Current | | | | |
| Properties for sale under development ⁽¹⁾ | 698,463 | 687,083 | - | - |
| Inventories | 120 | 121 | - | - |
| Trade receivables | 20,619 | 39,893 | - | 13 |
| Other receivables | 71,450 | 48,366 | 1,253 | 4,125 |
| Amount due from subsidiaries | - | - | 144,448 | 104,640 |
| Project accounts | 167,393 | 191,105 | - | - |
| Fixed deposits | 70,838 | 73,925 | 42,327 | 46,313 |
| Cash and bank balances | 79,716 | 89,589 | 34,401 | 38,536 |
| | 1,108,599 | 1,130,082 | 222,429 | 193,627 |
| Total assets | 1,277,655 | 1,298,944 | 269,851 | 241,055 |
| EQUITY AND LIABILITIES | | | | |
| Capital and Reserves | | | | |
| Share capital | 47,399 | 47,399 | 47,399 | 47,399 |
| Fair value reserve | 257 | 111 | - | - |
| Retained earnings | 297,086 | 282,112 | 52,693 | 53,887 |
| Equity attributable to owners of the Company | 344,742 | 329,622 | 100,092 | 101,286 |
| Non-controlling interests | 335 | 347 | - | - |
| | 345,077 | 329,969 | 100,092 | 101,286 |
| Liabilities | | | | |
| Non-Current | | | | |
| Bank borrowings (secured) | 112,684 | 113,733 | - | - |
| Deferred tax liabilities | 22,189 | 21,311 | - | - |
| | 134,873 | 135,044 | - | - |
| Current | | | | |
| Trade payables | 10,230 | 20,202 | 276 | 97 |
| Other payables | 39,450 | 35,135 | 1,687 | 563 |
| Amount due to subsidiaries | - | - | 163,778 | 135,091 |
| Provision for taxation | 12,446 | 11,453 | 18 | 18 |
| Bank borrowings (secured) | 735,579 | 767,141 | 4,000 | 4,000 |
| | 797,705 | 833,931 | 169,759 | 139,769 |
| Total liabilities | 932,578 | 968,975 | 169,759 | 139,769 |
| Total equity and liabilities | 1,277,655 | 1,298,944 | 269,851 | 241,055 |

⁽¹⁾ \$449.1 million (31-Dec-12: \$254.4 million) relates to the Group's pre-sold development properties as at 31 March 2014.



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

| | <u>31-Mar-14</u> | | <u>31-Dec-13</u> | |
|---|----------------------------|------------------------------|----------------------------|------------------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Current | | | | |
| - Amount repayable in one year or less, or on demand | 371,450 | (i) - | 281,727 | - |
| - Amount repayable after one year but within the normal operating cycle of Property Development segment | 364,129 | - | 485,414 | - |
| | 735,579 | - | 767,141 | - |
| Non-current | | | | |
| Amount repayable after one year | 112,684 | - | 113,733 | - |
| | 848,263 | - | 880,874 | - |

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.

- (i) \$305.7 million relates to our pre-sold development projects properties and is expected to be fully repaid by 31 March 2015 upon obtaining the Temporary Occupation Permits ("TOP") and collections from buyers of properties.



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

| | First quarter ended 31 Mar | |
|--|-------------------------------|-----------------|
| | 2014 S\$'000 | 2013 S\$'000 |
| Cash Flows from Operating Activities | | |
| Profit before taxation | 17,279 | 14,426 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 1,010 | 561 |
| Fair value gain on interest rate swaps | - | (13) |
| Share of results of associates | (1,026) | (1,831) |
| Interest income | (148) | (124) |
| Interest expense | 4,169 | 3,396 |
| Reversal of impairment loss on advances to associate | - | (46) |
| Gain on disposal of available-for-sale financial asset | - | (596) |
| Foreign exchange loss (unrealised) | 304 | - |
| Operating profit before working capital changes | 21,588 | 15,773 |
| Changes in inventories | 1 | 12 |
| Changes in operating receivables | 18,963 | 15,517 |
| Changes in operating payables | (6,552) | 153 |
| Changes in properties for sale under development | (11,380) | (118,048) |
| Cash generated from/(used in) operations | 22,620 | (86,593) |
| Income tax paid | (446) | 16 |
| Net cash generated from/(used in) operating activities | 22,174 | (86,577) |
| Cash Flows from Investing Activities | | |
| Investment in associate | (1) | - |
| Proceeds from disposal of available-for-sale financial asset | - | 1,430 |
| Repayment of loan from associates | 9,344 | - |
| Loan to associate | (32,450) | - |
| Advances to associates | - | (27) |
| Acquisition of property, plant and equipment | (2) | (2,920) |
| Interest received | 148 | 124 |
| Net cash used in investing activities | (22,961) | (1,393) |
| Cash Flows from Financing Activities | | |
| Proceeds from bank borrowings | 7,191 | 93,340 |
| Repayment of bank borrowings | (39,800) | (409) |
| Fixed deposit released/(pledged) to banks and financial institutions | (4) | 383 |
| Interest paid | (3,277) | (3,131) |
| Net cash (used in)/generated from financing activities | (35,890) | 90,183 |
| Net (decrease)/increase in cash and cash equivalents | (36,677) | 2,213 |
| Cash and cash equivalents at beginning of period | 354,204 | 253,217 |
| Cash and cash equivalents at end of period | 317,527 | 255,430 |



| | First quarter ended | |
|---|----------------------------|----------------|
| | 31 Mar | |
| | 2014 | 2013 |
| | S\$'000 | S\$'000 |
| <u>Analysis of cash and cash equivalents:-</u> | | |
| Project accounts (Note 1) | 75,893 | 49,036 |
| Fixed deposits in project accounts (Note 1) | 91,500 | 87,000 |
| Fixed deposits | 70,838 | 60,873 |
| Cash and bank balances | 79,716 | 58,937 |
| Less: Fixed deposits pledged to banks and financial institution | (420) | (416) |
| | 317,527 | 255,430 |

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

| Group | Share capital | Fair value reserve | Retained profits | Equity attributable to owners of the Company | Non-Controlling Interests | Total |
|---|----------------------|---------------------------|-------------------------|---|----------------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 January 2013 | 47,399 | 144 | 206,038 | 253,581 | 199 | 253,780 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | 11,824 | 11,824 | (1) | 11,823 |
| Other comprehensive income | | | | | | |
| Net change in fair value of available-for-sale financial assets | - | 54 | - | 54 | - | 54 |
| Net change in fair value of available-for-sale financial asset transferred to profit and loss account | - | (167) | - | (167) | - | (167) |
| Tax on other comprehensive income | - | (9) | - | (9) | - | (9) |
| Total other comprehensive income for the period | | (122) | - | (122) | - | (122) |
| Balance at 31 March 2013 | 47,399 | 22 | 217,862 | 265,283 | 198 | 265,481 |
| Balance at 1 January 2014 | 47,399 | 111 | 282,112 | 329,622 | 347 | 329,969 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | 14,974 | 14,974 | (12) | 14,962 |
| Other comprehensive income | | | | | | |
| Net change in fair value of available-for-sale financial assets | - | 176 | - | 176 | - | 176 |
| Net change in fair value of available-for-sale financial asset reclassified to profit or loss | - | - | - | - | - | - |
| Tax on other comprehensive income | - | (30) | - | (30) | - | (30) |
| Total other comprehensive income for the period | - | 146 | - | 146 | - | 146 |
| Balance at 31 March 2014 | 47,399 | 257 | 297,086 | 344,742 | 335 | 345,077 |
| | Share capital | Fair value reserve | Retained profits | Equity attributable to owners of the company | Non-controlling Interests | Total |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Company | | | | | | |
| Balance at 1 January 2013 | 47,399 | - | 54,519 | 101,918 | - | 101,918 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | 131 | 131 | - | 131 |
| Balance at 31 March 2013 | 47,399 | - | 54,650 | 102,049 | - | 102,049 |
| Balance at 1 January 2014 | 47,399 | - | 53,887 | 101,286 | - | 101,286 |
| Total comprehensive income for the period | | | | | | |
| Loss for the period | - | - | (1,194) | (1,194) | - | (1,194) |
| Balance at 31 March 2014 | 47,399 | - | 52,693 | 100,092 | - | 100,092 |



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 three months ended 31 March 2014.

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.

| | <u>31-Mar-14</u> | <u>31-Dec-13</u> |
|---|----------------------|----------------------|
| Total number of ordinary shares issued and fully paid | <u>1,193,549,994</u> | <u>1,193,549,994</u> |

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)

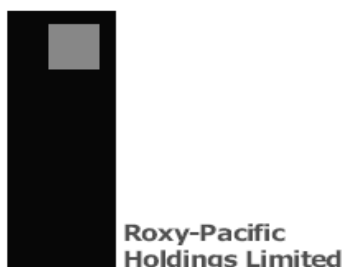
Not applicable.

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 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

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

| Earnings per share (“EPS”) for the financial period | First quarter ended 31-Mar | |
|--|-------------------------------|---------------------|
| | 2014 | 2013 *(restated) |
| (a) Based on the weighted average number of ordinary shares in issue (cents) | 1.27 | 0.98 |
| (b) On fully diluted basis (cents) | 1.27 | 0.98 |
| Profit attributable to shareholders of the Company (\$’000) | 15,120 | 11,702 |
| Weighted average number of shares (’000) | 1,193,550 | 1,193,550 |

* Comparatives for earnings per share have been restated for bonus issue of shares during the financial year ended 31 December 2013.

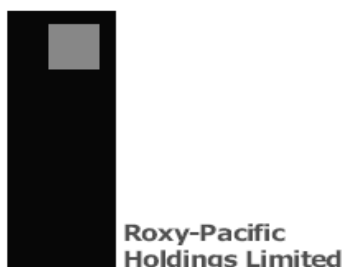
7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
- (b) immediately preceding financial year

| | Group | | Company | |
|--|--------------|-----------|-------------|-----------|
| | 31-Mar-14 | 31-Dec-13 | 31-Mar-14 | 31-Dec-13 |
| Net asset value (“NAV”) per ordinary shares based on total post-bonus issue of 1,193,549,994 ordinary shares (cents) | 28.88 | 27.62 | 8.39 | 8.49 |

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 premises over their carrying amounts. As at 31 March 2014, our directors estimated that the fair value of these properties to be \$522.5 million (31 December 2013: \$522.5 million) based on the valuation carried out by an independent valuer on 31 December 2013, using the direct comparison method and capitalisation approach. The revaluation surplus is estimated to be approximately \$442.4 million (31 December 2013: \$441.5 million). Had this revaluation surplus been recorded, the Group’s adjusted net asset value (“ANAV”) per share would have been as follows:

| | Group | |
|---|--------------|-----------|
| | 31-Mar-14 | 31-Dec-13 |
| ANAV per ordinary share based on total post-bonus issue of 1,193,549,994 ordinary (cents) | 65.95 | 64.60 |



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 | First quarter ended 31-Mar | | Change Increase/ (Decrease) | |
|--|-------------------------------|-----------------|-----------------------------------|--------------|
| | 2014 S\$'000 | 2013 S\$'000 | | |
| REVENUE | | | | |
| Property Development | 67,057 | 42,406 | 79% | 58% |
| Hotel Ownership | 11,985 | 10,918 | 20% | 10% |
| Property Investment | 412 | 421 | 1% | -2% |
| | <u>79,454</u> | <u>53,745</u> | <u>100%</u> | <u>48%</u> |
| GROSS PROFIT | | | | |
| Property Development | 16,771 | 10,797 | 59% | 55% |
| Hotel Ownership | 8,052 | 7,172 | 39% | 12% |
| Property Investment | 281 | 323 | 2% | -13% |
| | <u>25,104</u> | <u>18,292</u> | <u>100%</u> | <u>37%</u> |
| GROSS PROFIT MARGIN (%) | | | | |
| Property Development | 25% | 25% | | - |
| Hotel Ownership | 67% | 66% | | 1ppt |
| Property Investment | 68% | 77% | | -9ppt |
| Total | <u>32%</u> | <u>34%</u> | | <u>-2ppt</u> |
| ADJUSTED EBITDA | | | | |
| Property Development | 16,888 | 12,478 | 75% | 35% |
| Hotel Ownership | 4,918 | 3,923 | 24% | 25% |
| Property investment - Rental income | 264 | 228 | 1% | 16% |
| | <u>22,070</u> | <u>16,629</u> | <u>100%</u> | <u>33%</u> |
| PROFIT BEFORE TAXTION | | | | |
| Adjusted EBITDA | 22,070 | 16,629 | | 33% |
| Corporate expenses | (2,300) | (1,120) | | 105% |
| Depreciation of property, plant and equipment | (1,010) | (561) | | 80% |
| Finance costs, net | (1,481) | (1,118) | | 32% |
| Gain on disposal of available-for-sale financial asset | - | 596 | | -100% |
| | <u>17,279</u> | <u>14,426</u> | | <u>20%</u> |



1Q2014 vs 1Q2013

(i) Revenue

The Group achieved revenue of \$79.5 million in 1Q2014, 48% higher as compared to \$53.7 million in 1Q2013. The increase was the result of 58% and 10% increase in revenue from the Property Development segment and the Hotel Ownership segment respectively, partly offset by 2% decrease in revenue from Property Investment segment.

(a) Property Development

Revenue from the Property Development segment, which made up of 84% of the Group's turnover, increased by 58% from \$42.4 million in 1Q2013 to \$67.1 million in 1Q2014 largely due to the revenue recognition from six development projects namely, Spottiswoode 18, Space@Kovan, Treescape, The MKZ, Jade Residences and Whitehaven.

(b) Hotel Ownership and Property Investment

Revenue from the Hotel Ownership segment, which contributed 15% to the Group's turnover, increased by 10% from \$10.9 million in 1Q2013 to \$12.0 million in 1Q2014. With the full operation of hotel rooms starting from July 2013, average occupancy rate ("AOR") increased to 90.2% in 1Q2014, as compared to 79.2% in 1Q2013. Average room rate ("ARR"), on the other hand, decreased by 3% to \$190.5 in 1Q2014 from \$195.9 in 1Q2013. Overall, the Group's revenue per available room ("RevPar") increased by 11% from \$155.1 in 1Q2013 to \$171.8 in the current quarter.

Revenue from the Group's Property Investment segment, which constituted 1% of the Group's turnover, was lower by 2% at \$0.41 million in 1Q2014 mainly due to expiry of lease terms for some shop units in Roxy Square.

(ii) Cost of sales and gross profit

In line with the increase in revenue, direct cost of total revenue increased by \$18.9 million or 53% from \$35.5 million in 1Q2014 to \$54.4 million in 1Q2013.

Gross profit from the Property Development segment contributed \$16.8 million or 67% of the total gross profit of the Group, with the balance 33% or \$8.3 million contributed by the Hotel Ownership and Property Investment segments. The gross profit margin for the Property Development segment remains the same at 25%. The gross profit margin of the Hotel Ownership segment increased marginally by 1%. However, gross profit margin from the Property Investment segment decreased by 9% mainly due to expiry of lease terms for some shops as explained above, coupled with an increase in direct operating cost.

As a result of higher percentage of revenue contribution in 1Q2014 from property development segment which has a lower gross profit margin, the Group's overall gross profit margin decreased marginally by 2 percentage points from 34% in 1Q2013 compared to 32% in the current quarter.



(iii) Profit for the period

The Group's other operating income decreased from \$0.9 million in 1Q2013 to \$0.2 million in 1Q2014 largely due to the absence of gain on disposal of equity interest in quoted securities in the current quarter.

Administrative expenses increased from \$2.1 million in 1Q2013 to \$3.3 million in 1Q2014 mainly due to higher provision for directors' performance bonus, which is in line with higher profitability for the current quarter.

Other operating expenses increased from \$2.9 million in 1Q2013 to \$3.7 million in 1Q2014 mainly due to the increase in depreciation expense as a result of the completion of hotel upgrading work in current quarter and unrealised foreign exchange loss on the amount due from associates.

Finance costs increased from \$1.2 million in 1Q2013 to \$1.6 million in 1Q2014 mainly due to loan interests incurred from the higher term loan and working capital loan, together with higher interest rate in the current quarter compared to previous corresponding quarter.

The Group's share of results of associates decreased from \$1.8 million to \$1.0 million mainly due to adjustment for construction cost from an associate's projects, Eon Shenton, as a result of change in main contractor.

The Group's pre-tax profit in 1Q2014 increased by 20% year-on-year to \$17.3 million mainly due to higher profits from Property Development segment.

Profit after taxation increased by 27% from \$11.8 million in 1Q2013 to \$15.0 million in 1Q2014.

(iv) Cashflow, working capital and Balance Sheet

The Group's non-current assets comprise property, plant and equipment, investment properties, investments in associates and available-for-sale financial assets. As at 31 March 2014, this amounted to \$169.1 million and represented 13% of the total assets.

Property, plant and equipment accounted for \$80.9 million or 48% of total non-current assets as at 31 March 2014. The decrease from \$81.9 million as at 31 December 2013 to \$80.9 million as at 31 March 2014 was mainly due to depreciation expenses incurred in 1Q2014.

Available-for-sale financial assets increased from \$2.2 million as at 31 December 2013 to \$2.4 million as at 31 March 2014 was due to fair value gain of quoted securities in 1Q2014. Investment in associates increased from \$16.7 million as at 31 December 2013 to \$17.8 million as at 31 March 2014 due to the increase in share of results of associates in 1Q2014.

The Group's current assets comprise mainly properties for sale under development, inventories, trade and other receivables and cash and cash equivalents. As at 31 March 2014, this amounted \$1.1 billion and represented 87% of the total assets. Properties for sale under development accounted for \$698.5 million or 63% of total current assets as at 31 March 2014.

Trade receivables amounted to \$20.6 million as at 31 March 2014 and comprised mainly 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 \$39.9 million as at 31 December 2013 to \$20.6 million as at 31 March 2014 was mainly due to collections from purchasers from Spottiswoode 18.



Other receivables comprise mainly deposits, prepayments and other receivables. The increase in other receivables from \$48.4 million as at 31 December 2013 to \$71.5 million as at 31 March 2014 was mainly due to the shareholder loan to associate for the acquisition of investment property in Hong Kong.

As at 31 March 2014, project accounts, fixed deposits and cash and bank balances, less restricted cash amounted to \$317.5 million.

The Group recorded net cash inflows from operating activities of \$22.2 million in 1Q2014, as compared to net cash outflows of \$86.6 million in 1Q2013. Net cash inflows from operating activities in 1Q2014 was mainly due to collections from purchasers as mentioned above.

As at 31 March 2014, the Group recorded net cash outflows from investing activities of \$23.0 million, mainly due to the loan to associate for the acquisition of investment property as mentioned above.

As at 31 March 2014, the net cash outflows from financing activities of \$35.9 million was mainly due to the repayment of land and working capital loans during the period.

At Company level, the decrease in other receivables from \$4.1 million to \$1.3 million was mainly due to the repayment of management fee due from subsidiaries. Amount due from subsidiaries increased from \$104.6 million as at 31 December 2013 to \$144.4 million as at 31 March 2014 was mainly due to advances to subsidiaries for land acquisitions.

The Group's current liabilities comprise trade payables, other payables, provision for taxation and bank borrowings. As at 31 March 2014, this amounted \$797.7 million and represented 86% of the total liabilities. Trade payables comprise mainly of billed progress claims from contractors and retention sums. The decrease in trade payables from \$20.2 million as at 31 December 2013 to \$10.2 million was mainly due to payment of progress claims to contractors in the first quarter ended 31 March 2014. Other payables comprise mainly accruals for construction costs for completed projects, accruals of unbilled progress claims from contractors, hotel management fees, directors' performance incentive, staff bonuses and advances from joint-venture partners. The increase in other payables from \$35.1 million as at 31 December 2013 to \$39.5 million was mainly due to accruals of unbilled progress claims from contractors.

At Company level, the increase in amount due to subsidiaries was mainly due to the funding extended to the holding company.

As at 31 March 2014, the Group's total borrowings amounted to \$848.3 million, with \$371.5 million repayable within one year and \$476.8 million repayable after one year. The decrease in the total borrowings from \$880.9 million as at 31 December 2013 to \$848.3 million as at 31 March 2014 was mainly due to the repayment of land and working capital loan as explained above.

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 full financial year ended 31 December 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 14th April 2014, the Singapore economy grew by 5.1% on a year-on-year basis in 1st Quarter 2014, lower than the 5.5% growth in the previous quarter.

Based on the latest real estate statistics released by Urban Redevelopment Authority (URA) on 25th April 2014, prices of private residential properties decreased by 1.3% in 1st Quarter 2014, following the 0.9% decline in the previous quarter. The various property cooling measures, including the TDSR framework has affected the overall property market’s sentiments.

As at 24th April 2014, the Group has a balance amount of attributable pre-sale revenue of approximately \$1.0 billion from the following projects, the profits of which will be recognised from 2Q2014 to FY2017.

| | Project name / location | Type of development | Group’s stake | Total units/floors in project | Unit/floor sold | Attributable total pre-sale revenue ⁽¹⁾ | Attributable pre-sale revenue recognised up to 31 Mar 2014 | Balance attributable pre-sale revenue to be recognised from 2Q2014 |
|----|---|------------------------------|---------------|-------------------------------|-----------------|--|--|--|
| | | | % | Unit | % | \$’m | \$’m | \$’m |
| 1 | Space@Kovan | Shop | 100% | 56 | 100% | 46.6 | 30.8 | 15.8 |
| | | Residential | 100% | 140 | 100% | 113.1 | 74.8 | 38.3 |
| 2 | Spottiswoode 18 | Residential | 100% | 251 | 100% | 254.4 | 221.1 | 33.3 |
| 3 | Nottinghill Suites | Residential | 45% | 124 | 100% | 39.5 | 25.9 | 13.6 |
| 4 | 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 |
| 5 | Treescape | Residential | 100% | 30 | 100% | 29.2 | 25.1 | 4.1 |
| 6 | Millage | Residential | 48% | 70 | 100% | 23.5 | 4.9 | 18.6 |
| | | Shop | 48% | 86 | 100% | 28.7 | 6.0 | 22.7 |
| 7 | Natura@Hillview | Residential | 49% | 193 | 100% | 72.2 | 29.8 | 42.4 |
| 8 | Eon Shenton | Office | 20% | 98 | 100% | 60.1 | 3.0 | 57.1 |
| | | Residential | 20% | 132 | 95% | 38.0 | 1.9 | 36.1 |
| | | Shop | 20% | 23 | 100% | 4.8 | 0.2 | 4.6 |
| 9 | The MKZ | Residential | 100% | 42 | 100% | 51.8 | 31.0 | 20.8 |
| 10 | Jade Residences | Residential | 100% | 171 | 78% | 159.2 | 5.0 | 154.2 |
| | | Shop | 100% | 2 | 0% | - | - | - |
| 11 | Whitehaven | Residential | 100% | 120 | 84% | 123.7 | 5.4 | 118.3 |
| | | Shop | 100% | 1 | 100% | 1.2 | - | 1.2 |
| 12 | LIV on Sophia | Residential | 90% | 64 | 100% | 78.5 | - | 78.5 |
| 13 | LIV on Wilkie | Residential | 90% | 81 | 59% | 62.1 | - | 62.1 |
| 14 | No. 8 Russell Street, Causeway Bay, Hong Kong | Investment Property for sale | 30% | 21 floors | 86% | 137.7 | - | 137.7 ⁽²⁾ |
| | Total | | | | | 1,465.7 | 464.9 | 1,000.8 |



- (1) Based on Option to Purchase granted up to 24th April 2014
(2) equivalent to HKD846.9million

In addition, the Group has the following portfolio of properties:

| No. | Location / Description | Type | Approximate Land Area | Approximate Gross Floor Area / Net Lettable Area | Group's stake | Approximate Attributable Gross Floor Area / Net Lettable Area | Approximate Attributable Land Cost |
|-----|--|---------------------------------------|-----------------------|--|---------------|---|------------------------------------|
| | | | (sqf) | (sqf) | % | (sqf) | \$'m |
| 1 | <u>Singapore</u> 134B Lorong K Telok Kurau Singapore (Currently known as Sunnyvale) | Residential Development | 23,160 | 32,423 | 100% | 32,423 | 25.0 |
| 2 | 111 Tampines Road Singapore (Currently know as Yi Mei Garden) | Commercial & Residential Development | 79,857 | 167,700 | 85% | 142,545 | 116.3 |
| 3 | <u>Overseas</u> Lot 3370, Section 41, Jalan Dewan Sultan Sulaiman, Kuala Lumpur | Commercial & Residential Development | 64,131 | 698,717 | 47% | 328,397 | 16.9 ⁽¹⁾ |
| | <i>Sub-total for development properties</i> | | 167,148 | 898,840 | | 503,365 | 158.2 |
| 4 | <u>Overseas</u> No. 8 Russell Street, Causeway Bay, Hong Kong (6 th , 8 th & 9 th floor) | Investment Property for sale | na | 14,154 | 30% | 4,246 | 12.6 ⁽²⁾ |
| 5 | 59 Goulburn Street, Sydney, Australia | Investment Property for rental income | 20,990 | 210,464 | 100% | 210,464 | 105.3 ⁽³⁾ |
| | <i>Sub-total for investment properties</i> | | 20,990 | 224,618 | | 214,710 | 117.9 |
| | <i>Grand total</i> | | 188,138 | 1,123,458 | | 718,075 | 276.1 |

- (1) equivalent to RM42.2 million
(2) equivalent to HKD77.1 million
(3) equivalent to AUD90.2 million

With balanced pre-sale revenue of \$1.0 billion, the Group has strong earnings visibility to FY2017. Strategically, the Group will remain focused on achieving a good balance in all aspects, that is, between the three business segments; developing both residential and commercial properties; and staying geographically diversified.



Hotel Ownership

According to Singapore Tourism Board (“STB”), tourism receipts are expected to be in the range of S\$23.8 billion to S\$24.6 billion¹ in 2014. New hotel completions are expected to be fewer than expected, as almost one-third of the planned hotel pipeline or about 987 rooms may be delayed till 2015. This means actual supply growth may only be about 3.5% year-on-year, with openings mainly skewed towards the end of 2014. Coupled with optimistic projections from the STB that visitor arrivals would reach 16.3 million to 16.9 million in 2014, the hospitality industry may be faced with a room crunch in 2014, which bodes well for room rates².

The Group’s performance for the period under review has been in line with expectations.

Outlook

Barring any unforeseen circumstances, the directors expect the Group to be profitable in 2014.

¹ ‘STB sees 168m visitor arrivals’, *Business Times*, March 7, 2014

² ‘Singapore’s hospitality sector’, *Business Times*, April 16, 2014



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared / recommended

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

2 May 2014
Singapore



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 three months ended 31 March 2014 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

2 May 2014
Singapore