

YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

Unaudited Financial Statements and Dividend Announcement for the period ended 30 June 2014

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

1(a)(i) Consolidated Statement of Comprehensive Income

	6 Months		3 Months	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013	01.04.2014 to 30.06.2014	01.04.2013 to 30.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	223,237	282,596	111,681	146,964
Cost of sales	(140,381)	(164,669)	(68,944)	(84,853)
Gross profit	82,856	117,927	42,737	62,111
Other income	2,547	1,451	1,237	839
Other gains/(losses) - net	1,610	11,716	(1,589)	9,612
Expenses				
- Advertising and promotion	(21,190)	(20,959)	(10,321)	(10,839)
- Marketing	(504)	(3,231)	(332)	(2,069)
- Selling and distribution	(38,444)	(37,155)	(20,355)	(18,535)
- Administrative	(13,029)	(14,607)	(6,566)	(8,875)
- Finance	(25)	(68)	(9)	(32)
Share of profit/(loss) of associated companies	413	(244)	132	(231)
Profit before income tax	14,234	54,830	4,934	31,981
Income tax (expense)/credit	(1,701)	(6,597)	251	(3,506)
Net profit attributable to equity holders of the Company	12,533	48,233	5,185	28,475
Other comprehensive (losses)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Available-for-sale financial assets				
- Fair value (losses)/gains	(64,073)	83,921	(42,970)	36,642
- Reclassification	(1,978)	(10,475)	-	(9,201)
Currency translation (losses)/gains arising from consolidation	(1,283)	2,568	(417)	1,300
	(67,334)	76,014	(43,387)	28,741
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Revaluation gain on property, plant and equipment	-	1,322	-	-
Other comprehensive (losses)/income for the period, net of tax	(67,334)	77,336	(43,387)	28,741
Total comprehensive (losses)/income attributable to equity holders of the Company	(54,801)	125,569	(38,202)	57,216

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Net profit for the period is derived after (crediting)/charging the following:

	6 Months		3 Months	
	01.01.2014 to 30.06.2014	01.01.2013 to 30.06.2013	01.04.2014 to 30.06.2014	01.04.2013 to 30.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue</u>				
Dividend income from available-for-sale financial assets	(4,564)	(3,327)	(4,557)	(3,320)
<u>Cost of sales</u>				
Depreciation	2,517	1,800	1,303	985
Write-down of inventories, net	3,179	835	1,321	476
<u>Marketing expense</u>				
Depreciation	6	5	3	4
<u>Selling and distribution expense</u>				
Depreciation	1,856	1,263	961	647
(Write-back of impairment)/Impairment of trade receivables, net	(71)	(63)	26	(1)
<u>Administrative expense</u>				
Depreciation	767	1,174	519	664
<u>Other gains - net</u>				
Impairment loss on property, plant and equipment	541	1,100	-	1,100
Property, plant and equipment written-off	33	290	12	268
Fair value gains on available-for-sale financial assets reclassified from other comprehensive income on disposal	(1,978)	(10,475)	-	(9,201)
Fair value gains on financial assets, at fair value through profit or loss	(22)	(181)	(17)	(105)
Investment property written-off	174	-	174	-
Currency translation loss/(gain) - net	236	(316)	1,751	79
Gain on disposal of property, plant and equipment	(348)	(483)	(107)	(482)
<u>Other income</u>				
Interest income	(363)	(198)	(257)	(102)
<u>Finance expense</u>				
Interest expense on bank borrowings	25	68	9	32
<u>Income tax</u>				
(Over)/Under provision of tax in respect of prior years	(12)	(123)	73	(40)

1(b) Balance Sheets

	Group		Company	
	As at 30.06.2014	As at 31.12.2013	As at 30.06.2014	As at 31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	121,100	189,632	78,815	104,237
Trade and other receivables	75,090	73,557	65,760	55,666
Inventories	64,061	68,667	-	-
Current income tax recoverable	1,960	1,155	-	-
Other current assets	20,224	13,429	61	68
	282,435	346,440	144,636	159,971
Non-current assets				
Available-for-sale financial assets	183,958	250,371	360	360
Loans to subsidiaries	-	-	151,700	152,008
Investments in associated companies	5,580	5,326	-	-
Investments in subsidiaries	-	-	305,875	305,875
Investment properties	95,574	99,727	70,491	63,631
Property, plant and equipment	174,297	154,705	716	763
Deferred income tax assets	2,896	3,415	-	-
	462,305	513,544	529,142	522,637
Total assets	744,740	859,984	673,778	682,608
LIABILITIES				
Current liabilities				
Trade and other payables	83,873	95,879	188,906	160,338
Current income tax liabilities	1,425	4,934	319	238
Borrowings	3,286	7,036	-	-
	88,584	107,849	189,225	160,576
Non-current liabilities				
Borrowings	5,800	7,000	-	-
Provisions for other liabilities and charges	2,508	2,411	-	-
Deferred income tax liabilities	6,200	6,227	3,403	3,283
Other non-current liabilities	32	33	-	-
	14,540	15,671	3,403	3,283
Total liabilities	103,124	123,520	192,628	163,859
NET ASSETS	641,616	736,464	481,150	518,749
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	219,511	219,188	219,511	219,188
Capital reserve	6,066	6,066	-	-
Other reserves	94,768	162,258	441	594
Retained profits	321,271	348,952	261,198	298,967
TOTAL EQUITY	641,616	736,464	481,150	518,749

1(b) Balance Sheets (continued)

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

Amount repayable in one year or less, or on demand

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
886	2,400	1,636	5,400

Amount repayable after one year but before five years

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	5,800	-	7,000

Details of any collateral

Short-term bank loan of the Group totalling \$886,000 (2013: \$1,636,000) is secured by a first mortgage over an investment property of a subsidiary.

1(c) Consolidated Statement of Cash Flows

	6 Months ended		3 Months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net profit for the period	12,533	48,233	5,185	28,475
Adjustments for :				
Income tax	1,701	6,597	(251)	3,506
Depreciation of property, plant and equipment	5,146	4,242	2,786	2,300
Dividend income from available-for-sale financial assets	(4,564)	(3,327)	(4,557)	(3,320)
Share-based payment expense	170	51	85	25
Property, plant and equipment written-off	33	290	12	268
Unrealised currency translation differences	146	(744)	(37)	(173)
Gain on disposal of property, plant and equipment	(348)	(483)	(107)	(482)
Fair value gains on financial assets, at fair value through profit or loss	(22)	(181)	(17)	(105)
Fair value gains on available-for-sale financial assets reclassified from other comprehensive income on disposal	(1,978)	(10,475)	-	(9,201)
Investment property written-off	174	-	174	-
Interest expense	25	68	9	32
Interest income	(363)	(198)	(257)	(102)
Provision for retirement benefits	148	152	74	76
Impairment loss on property, plant and equipment	541	1,100	-	1,100
Share of (profit)/loss of associated companies	(413)	244	(132)	231
	12,929	45,569	2,967	22,630
Change in working capital :				
Trade and other receivables	(1,533)	9,370	(6,249)	5,885
Inventories	4,606	6,226	(720)	(1,825)
Development properties	-	28,231	-	17,355
Other current assets	4,346	(7,291)	1,257	(2,046)
Trade and other payables	(12,007)	4,639	(2,693)	(1,334)
Cash generated from/(used in) operations	8,341	86,744	(5,438)	40,665
Income tax paid	(5,473)	(15,976)	(4,494)	(15,117)
Retirement benefits paid	(68)	(83)	(53)	(65)
Net cash provided by/(used in) operating activities	2,800	70,685	(9,985)	25,483

1(c) Consolidated Statement of Cash Flows (continued)

	6 Months ended		3 Months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from available-for-sale financial assets	4,564	3,327	4,557	3,320
Construction of investment property	(1,929)	-	(1,929)	-
Proceeds from disposal of property, plant and equipment	224	775	29	771
Proceeds from disposal of available-for-sale financial assets	2,340	14,730	-	12,754
Proceeds from disposal of financial assets, at fair value through profit or loss	3,900	3,237	3,900	3,237
Purchases of property, plant and equipment	(20,633)	(11,809)	(12,182)	(4,980)
Deposits paid for property, plant and equipment	(11,141)	-	-	-
Purchases of financial assets, at fair value through profit or loss	(3,841)	(6,070)	-	(2,058)
Interest received	363	198	257	102
Net cash (used in)/provided by investing activities	(26,153)	4,388	(5,368)	13,146
Cash flows from financing activities				
Dividends paid to equity holders of the Company	(40,217)	(5,744)	(40,217)	(5,744)
Interest paid	(25)	(68)	(9)	(32)
Repayments of borrowings	(4,937)	(5,177)	(1,009)	(1,819)
Proceeds from borrowings	-	3,000	-	-
Acquisition of non-controlling interests in a subsidiary	-	(85,121)	-	-
Net cash used in financing activities	(45,179)	(93,110)	(41,235)	(7,595)
Net (decrease)/increase in cash and cash equivalents	(68,532)	(18,037)	(56,588)	31,034
Cash and cash equivalents at the beginning of the financial period	189,632	181,496	177,688	132,425
Cash and cash equivalents at the end of the financial period	121,100	163,459	121,100	163,459
Represented by:				
Cash at bank and on hand	52,618	124,730	52,618	124,730
Fixed deposits with financial institutions	68,482	38,729	68,482	38,729
Cash and cash equivalents as per balance sheet and above	121,100	163,459	121,100	163,459

1(d)(i) Consolidated Statement of Changes in Equity

For the financial period ended 30 June 2014

	Attributable to equity holders of the Company										
	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Share-based payment reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2014	219,188	6,066	18,919	218,374	(38,239)	(37,250)	454	348,952	736,464	-	736,464
Employee share-based compensation scheme	-	-	-	-	-	-	85	-	85	-	85
- Value of employee services	323	-	-	-	-	(323)	-	-	-	-	-
- Issue of new shares	-	-	-	(22,591)	(866)	(490)	-	7,348	(16,599)	-	(16,599)
Total comprehensive loss for the period	-	-	-	(22,591)	(866)	(490)	-	7,348	(16,599)	-	(16,599)
Balance at 31 March 2014	219,511	6,066	18,919	195,783	(39,105)	(37,740)	216	356,300	719,950	-	719,950
Employee share-based compensation scheme	-	-	-	-	-	-	85	-	85	-	85
- Value of employee services	-	-	(2)	-	-	(1)	-	3	-	-	-
Transfer to retained profits on realisation	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	(40,217)	(40,217)	-	(40,217)
Total comprehensive loss for the period	-	-	-	(42,970)	(417)	-	-	5,185	(38,202)	-	(38,202)
Balance at 30 June 2014	219,511	6,066	18,917	152,813	(39,522)	(37,741)	301	321,271	641,616	-	641,616

1(d)(i) Consolidated Statement of Changes in Equity (continued)

For the financial period ended 30 June 2013

	Attributable to equity holders of the Company										
	Share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Share-based payment reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2013	218,865	6,066	17,597	189,806	(40,183)	1,088	453	267,058	660,750	49,441	710,191
Employee share-based compensation scheme	-	-	-	-	-	-	26	-	26	-	26
- Value of employee services	277	-	-	-	-	-	(277)	-	-	-	-
- Issue of new shares	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	(35,680)	-	-	(35,680)	(49,441)	(85,121)
Total comprehensive income for the period	-	-	1,322	46,005	1,268	-	-	19,758	68,353	-	68,353
Balance at 31 March 2013	219,142	6,066	18,919	235,811	(38,915)	(34,592)	202	286,816	693,449	-	693,449
Employee share-based compensation scheme	-	-	-	-	-	-	25	-	25	-	25
- Value of employee services	-	-	-	-	-	-	-	(5,744)	(5,744)	-	(5,744)
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	28,475	57,216	-	57,216
Total comprehensive income for the period	-	-	-	27,441	1,300	-	-	28,475	57,216	-	57,216
Balance at 30 June 2013	219,142	6,066	18,919	263,252	(37,615)	(34,592)	227	309,547	744,946	-	744,946

1(d)(i) Statement of Changes in Equity of the Company

For the financial period ended 30 June 2014

	Share capital	Fair value reserve	Share-based payment reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	219,188	140	454	298,967	518,749
Employee share-based compensation scheme					
- Value of employee services	-	-	85	-	85
- Issue of new shares	323	-	(323)	-	-
Total comprehensive income for the period	-	-	-	1,436	1,436
Balance at 31 March 2014	219,511	140	216	300,403	520,270
Employee share-based compensation scheme					
- Value of employee services	-	-	85	-	85
Dividends paid to equity holders of the Company	-	-	-	(40,217)	(40,217)
Total comprehensive income for the period	-	-	-	1,012	1,012
Balance at 30 June 2014	219,511	140	301	261,198	481,150

For the financial period ended 30 June 2013

	Share capital	Fair value reserve	Share-based payment reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	218,865	7,637	453	195,089	422,044
Employee share-based compensation scheme					
- Value of employee services	-	-	26	-	26
- Issue of new shares	277	-	(277)	-	-
Total comprehensive income for the period	-	198	-	4,164	4,362
Balance at 31 March 2013	219,142	7,835	202	199,253	426,432
Employee share-based compensation scheme					
- Value of employee services	-	-	25	-	25
Dividends paid to equity holders of the Company	-	-	-	(5,744)	(5,744)
Total comprehensive income for the period	-	(7,697)	-	85,910	78,213
Balance at 30 June 2013	219,142	138	227	279,419	498,926

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 year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	3 months ended 31.03.2014	3 months ended 30.06.2014
Issued and fully paid ordinary shares ('000):		
As at beginning of period	574,328	574,528
Issued during the period		
- pursuant to the grant of awards under employee share-based compensation scheme	200	-
As at end of period	574,528	574,528

1(d)(iii) To show number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at end of the current financial period and as at end of the immediately preceding year.

The Company does not have any treasury shares.

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

	30.06.2014	31.12.2013
Number of issued shares excluding treasury shares ('000)	574,528	574,328

1(d)(v) 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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2014 (31 December 2013: Nil).

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements for the year ended 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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share of the Group

	Group		Group	
	6 Months		3 Months	
	01.01.2014 To 30.06.2014	01.01.2013 To 30.06.2013	01.04.2014 To 30.06.2014	01.04.2013 To 30.06.2013
Earnings per ordinary share for the period based on net profit attributable to equity holders of the Company during the period:-				
(a) Based on weighted average number of ordinary shares in issue (cents)	2.18	8.40	0.90	4.96
(b) On a fully diluted basis (cents)	2.18	8.40	0.90	4.96
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	574,515	574,302	574,528	574,310
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000)	574,632	574,480	574,641	574,480

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

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

	Group		Company	
	30.06.2014 Cents	31.12.2013 Cents	30.06.2014 Cents	31.12.2013 Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the reporting period	111.68	128.23	83.75	90.32

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.

8(a) Year to Date Results - 6 Months ended 30 June 2014 vs. 6 Months ended 30 June 2013

Food and Beverage division performance

The Food and Beverage ("F&B") revenue decreased by 0.7% to \$218.68 million for the financial period ended 30 June 2014 as compared to \$220.14 million recorded in the corresponding financial period last year. The F&B division gross profit decreased by 8.3% to \$73.52 million for the financial period ended 30 June 2014 as compared to \$80.17 million recorded in the corresponding financial period last year. This is mainly due to higher inventory written off, utility expense, repair and maintenance expenses and commencement of depreciation for new production line in the current period.

Overall, the F&B division recorded a lower net profit after tax attributable to equity holders of the Company of \$3.85 million in the current financial period as compared to net profit after tax of \$9.26 million in corresponding financial period last year mainly due to:

- Lower gross profit of \$6.65 million; and
- Higher selling and distribution expenses of \$1.49 million mainly due to higher distribution and logistics expenses in Malaysia and Indonesia as a result of higher sales as well as higher distribution costs from increase in rental and salary related expenses in Singapore.

The decreases were partially offset by:

- Lower advertising and promotion expenses of \$0.63 million mainly due to less promotion activities carried out in Singapore;
- Lower administrative expenses of \$1.40 million mainly due to lower professional fees incurred by the Malaysian subsidiary and lower rental, utilities and staff costs in China; and
- Lower tax expense of \$1.27 million due to lower profit.

Property division performance

There were no property related activities in the current period since the sale of the last residential property unit in December 2013.

Group performance

The Group's net profit after tax attributable to equity holders of the Company decreased by \$35.70 million to \$12.53 million in the current financial period as compared to \$48.23 million recorded in the corresponding financial period last year. This was mainly due to the absence of \$24.69 million net profit from Property division, \$5.41 million lower net profit from F&B division, and \$8.50 million lower fair value gains derived from disposal of available-for-sale financial assets; partially offset by \$0.93 million higher rental income from investment properties, and \$0.56 million lower impairment loss on property, plant and equipment.

8(b) Second Quarter Results - 3 Months ended 30 June 2014 vs. 3 Months ended 30 June 2013

Food and Beverage division performance

The F&B revenue decreased by 2.2% to \$107.12 million for the quarter ended 30 June 2014 as compared to \$109.58 million recorded in the corresponding quarter last year. The F&B gross profit decreased by \$3.27 million mainly due to higher inventory written off, utility expense, repair and maintenance expenses and depreciation for new production line in the current quarter.

The F&B division recorded \$0.47 million net loss after tax in the current quarter as compared to \$3.19 million net profit after tax in the corresponding quarter last year mainly due to:

- Lower gross profit of \$3.27 million; and
- Higher selling and distribution expenses of \$1.90 million mainly due to higher distribution and logistics expenses in Malaysia and Indonesia as a result of higher sales as well as higher distribution costs from increase in rental and salary related expenses in Singapore.

The decreases were partially offset by:

- Lower advertising and promotion expenses of \$0.94 million mainly due to less promotion activities carried out in Singapore; and
- Lower administrative expenses of \$1.10 million mainly due to lower professional fees incurred by the Malaysian subsidiary and lower rental and staff costs in China.

Property division performance

There were no property related activities in the current quarter since the sale of the last residential property unit in December 2013.

Group performance

The Group recorded net profit after tax attributable to equity holders of the Company of \$5.19 million in the current quarter, as compared to a net profit after tax of \$28.48 million in the corresponding quarter last year. The \$23.29 million decrease in net profit was mainly contributed by \$3.66 million lower net profit from F&B division, \$13.17 million lower net profit from Property division and \$9.20 million lower gain from disposal of available-for-sale financial assets; partially offset by absence of \$1.10 million impairment loss on property, plant and equipment in the current quarter.

8(c) Balance Sheets – 30 June 2014 vs. 31 December 2013

Group

Cash and cash equivalents decreased by \$68.53 million from \$189.63 million as at 31 December 2013 to \$121.10 million as at 30 June 2014. The decrease was mainly due to dividends paid to equity holders of the Company, purchases of and deposits paid for property, plant and equipment; and partially offset by cash generated from operating activities and proceeds from disposal of available-for-sale financial assets. Please refer to Note 8(d) for more details.

Other current assets increased by \$6.79 million from \$13.43 million as at 31 December 2013 to \$20.22 million as at 30 June 2014. The increase was largely due to \$11.14 million deposits paid for land purchases in Indonesia partially offset by \$2.97 million refund of deposit due to cancellation of bank guarantee for property development.

Available-for-sale financial assets decreased by \$66.41 million from \$250.37 million as at 31 December 2013 to \$183.96 million as at 30 June 2014 due to fair value loss as well as disposal of a quoted investment in the current financial period.

Property, plant and equipment increased by \$19.59 million from \$154.71 million as at 31 December 2013 to \$174.30 million as at 30 June 2014. The increase was mainly due to purchases of \$20.63 million, reclassification of \$4.43 million from investment properties as a result of the change in use of a property from investment holding to warehousing in the current financial period and partially offset by current period's depreciation charge of \$5.15 million.

Trade and other payables decreased by \$12.01 million from \$95.88 million as at 31 December 2013 to \$83.87 million as at 30 June 2014. The decrease was largely due to lower accruals as well as settlement of other payables for capital expenditure.

Company

Cash and cash equivalents decreased by \$25.42 million from \$104.24 million as at 31 December 2013 to \$78.82 million as at 30 June 2014 mainly due to \$40.22 million dividends paid to equity holders of the Company and \$6.86 million additions to investment properties, partially offset by \$20.70 million net advances from subsidiaries.

As a result, investment properties increased from \$63.63 million as at 31 December 2013 to \$70.49 million as at 30 June 2014, trade and other receivables increased from \$55.67 million as at 31 December 2013 to \$65.76 million as at 30 June 2014, and trade and other payables increased from \$160.34 million as at 31 December 2013 to \$188.91 million as at 30 June 2014.

8(d) Statement of Cash Flows

Year to Date - 6 Months ended 30 June 2014 vs. 6 Months ended 30 June 2013

The Group registered a net decrease in cash and cash equivalents of \$68.53 million for the period ended 30 June 2014.

Net operating cash inflow for the Group was \$2.80 million, of which \$0.49 million was contributed by F&B division and \$2.31 million was contributed by the Property division.

Net cash outflow from investing activities of \$26.15 million was mainly due to \$20.63 million purchases of property, plant and equipment, \$11.14 million deposits paid for land purchase in Indonesia, and partially offset by \$4.56 million dividend income received.

Net cash outflow from financing activities of \$45.18 million was mainly due to \$40.22 million dividend paid to equity holders of the Company and \$4.94 million repayment of bank borrowings.

Second Quarter - 3 months ended 30 June 2014 vs. 3 months ended 30 June 2013

The Group registered a net decrease in cash and cash equivalents of \$56.59 million for the quarter ended 30 June 2014.

Net operating cash outflow for the Group was \$9.99 million, of which \$5.80 million was contributed by F&B division and \$4.19 million was contributed by Property division.

Cash outflow from investing activities of \$5.37 million in the current financial period was mainly due to purchases of property, plant and equipment of \$12.18 million, and partially offset by proceeds from disposal of financial assets at fair value through profit or loss of \$3.90 million and dividend income received of \$4.56 million.

Cash outflow from financing activities of \$41.24 million was mainly due to dividends paid to equity holders of the Company of \$40.22 million and repayment of bank borrowings of \$1.01 million.

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

Not applicable.

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 year and the next 12 Months .

The continued increase in raw material prices and energy costs, coupled with continued pressure on sales and selling prices due to intense competition will put pressure on the Group's earnings for the Food and Beverage division. Nevertheless, the Group expects its 2014 earnings for Food and Beverage to be satisfactory.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events

11. Contingent Liability

None.

12. 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 Period

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.

13. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend is recommended for the financial period reported on.

14. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

BY ORDER OF THE BOARD

Lim Swee Lee Joanne
Company Secretary
7 August 2014

STATEMENT PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

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

On behalf of the Directors

A handwritten signature in black ink, consisting of a large, stylized loop that starts with a small vertical stroke on the left and ends with a small horizontal stroke on the right.

TJONG YIK MIN
Director

7 August 2014

A handwritten signature in black ink, consisting of a series of sharp, angular strokes that form a stylized, somewhat abstract shape.

KOH BOON HWEE
Director