

## ORCHARD PARADE HOLDINGS LIMITED

### Second Quarter Financial Statement for the Period Ended 30 June 2004

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),

##### HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the

corresponding period of the immediately preceding financial year.

	Group					
	S\$'000		%	S\$'000		%
	3 months ended 30 June 2004	3 months ended 30 June 2003	Increase/ (Decrease)	6 months ended 30 June 2004	6 months ended 30 June 2003	Increase/ (Decrease)
Revenue	8,451	8,329	1.5	16,768	16,928	(0.9)
Cost of sales	(4,024)	(6,688)	(39.8)	(7,866)	(11,100)	(29.1)
Gross profit	4,427	1,641	nm	8,902	5,828	52.7
Other operating income	1,189	594	nm	1,851	1,696	9.1
Selling expenses	(485)	(273)	77.7	(920)	(651)	41.3
Administrative expenses	(1,235)	(1,111)	11.2	(2,132)	(2,314)	(7.9)
Other operating expenses	(3,331)	(3,507)	(5.0)	(6,366)	(6,692)	(4.9)
Exceptional items	-	-	-	(273)	-	nm
Profit/(Loss) on operations	565	(2,656)	nm	1,062	(2,133)	nm
Finance cost (net)	(3,426)	(3,507)	(2.3)	(6,853)	(6,851)	0.0
Share of results of associated companies	2,444	865	nm	3,056	1,772	72.5
Loss before tax	(417)	(5,298)	(92.1)	(2,735)	(7,212)	(62.1)
Tax	(2,253)	510	nm	(2,758)	211	nm
Net loss after tax	(2,670)	(4,788)	(44.2)	(5,493)	(7,001)	(21.5)

nm : not meaningful

Notes to the Income Statement

	Group					
	S\$'000		%	S\$'000		%
	3 months ended			6 months ended		
	30 June	30 June	Increase/ (Decrease)	30 June	30 June	Increase/ (Decrease)
2004	2003		2004	2003		
<b>1. Exceptional item</b>						
Allowance for diminution in value of quoted securities	-	-	-	(273)	-	nm
<b>2. Other profit and loss items disclosure</b>						
The following items were (charged)/credited to the income statement :						
Interest income	2	6	(66.7)	6	14	(57.1)
Net foreign exchange gain	20	2	nm	25	24	4.2
Interest expense	(3,306)	(3,288)	0.5	(6,543)	(6,435)	1.7
Depreciation and amortisation	(3,612)	(3,504)	3.1	(7,300)	(7,139)	2.3
Allowance for doubtful debts	(38)	(9)	nm	(51)	(135)	(62.2)
Bad debts written off	(1)	-	nm	(1)	-	nm
Write off of investment properties upon conversion works	-	(735)	nm	-	(735)	nm
Adjustment for over/(under) provision of tax in respect of prior years	(1,473)	1,320	nm	(1,474)	1,426	nm

There were no extraordinary items during the quarter.

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement**

**as at the end of the immediately preceding financial year.**

	Notes	Group		Company	
		30.06.2004	31.12.2003	30.06.2004	31.12.2003
		S\$'000		S\$'000	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	(i)	5,299	16,108	3,220	11,757
Short term investment	(i)	11,028	-	-	-
Receivables		2,418	1,714	1,513	1,030
Progress billings receivable		905	687	-	-
Inventories		198	285	63	149
Development properties		231,034	228,073	-	-
Other current assets		9,037	8,897	18,198	9,020
		259,919	255,764	22,994	21,956
<b>Non-current assets</b>					
Deferred expenditure		1,183	547	939	247
Long term investment		141	141	121	121
Investments in associated companies		283,263	286,855	-	-
Investments in subsidiaries		-	-	695,357	682,027
Investment properties		18,188	18,096	6,000	6,000
Property, plant and equipment		472,243	474,227	287,003	289,284
		775,018	779,866	989,420	977,679
<b>Total assets</b>		<b>1,034,937</b>	<b>1,035,630</b>	<b>1,012,414</b>	<b>999,635</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade		6,057	6,326	480	580

payables					
Other current liabilities		8,556	8,023	5,110	4,700
Provision for tax		2,670	2,370	2,244	1,944
Borrowings	(ii)	211,821	396,349	187,238	377,634
		229,104	413,068	195,072	384,858
<b>Non-current liabilities</b>					
Borrowings	(ii)	382,804	193,599	195,000	-
Advances from subsidiaries		-	-	145,358	143,920
Other non-current liabilities		3,090	3,501	485	456
Deferred tax liabilities		7,944	8,609	7,944	8,609
		393,838	205,709	348,787	152,985
<b>Total liabilities</b>		<b>622,942</b>	<b>618,777</b>	<b>543,859</b>	<b>537,843</b>
<b>Net assets</b>		<b>411,995</b>	<b>416,853</b>	<b>468,555</b>	<b>461,792</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital		175,387	175,387	175,387	175,387
Share premium		179,004	179,004	179,004	179,004
Revaluation and other reserves		219,038	221,338	212,812	212,999
Accumulated losses		(161,434)	(158,876)	(98,648)	(105,598)
<b>Total shareholders' equity</b>		<b>411,995</b>	<b>416,853</b>	<b>468,555</b>	<b>461,792</b>

Notes :

(i) The reduction in cash and cash equivalents was mainly attributed to \$11.3 million invested in Singapore-quoted blue chip securities in 1Q 2004. Hence, short term investment (net of provision) has accordingly increased.

(ii) In 1Q 2004, the Company issued \$195 million 5-year securities comprising \$100 million fixed rate bonds and \$95 million floating rate notes. The proceeds from this issue were utilized to re-finance the Group's \$195 million secured loan facility, which matured on 5 March 2004. This resulted in a decrease in current liabilities and a corresponding increase in non-current liabilities.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.  
Amount repayable in one year or less, or on demand**

As at 30.06.2004		As at 31.12.2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
211,083	738	395,666	683

#### Amount repayable after one year

As at 30.06.2004		As at 31.12.2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
382,804	-	193,599	-

#### Details of any collateral

Secured borrowings are generally secured by the Group's freehold and leasehold land and buildings, investment properties, development properties, certain quoted equity shares held by the Company and a subsidiary, charge over the accounts of certain subsidiaries, fixed and floating charge over all the assets of the Company and certain subsidiaries, corporate guarantee given by the Company and a subsidiary and assignment of all rights and benefits in respect of certain properties within the Group.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated cash flow statement for the second quarter (3 months) ended**

	<u>30.06.2004</u>	<u>30.06.2003</u>
	S\$'000	S\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before tax and share of results of associated companies</b>	(2,861)	(6,163)
<b>Adjustments for :</b>		
Depreciation and amortisation	3,612	3,504
Interest income	(2)	(6)
Interest expense	3,306	3,288
Allowance for doubtful debts relating to advances to associated companies	-	135

Loss on disposal of property, plant and equipment	2	1
Write off of investment property upon conversion works	-	735
<b>Operating cash flow before working capital changes</b>	<b>4,057</b>	<b>1,494</b>
Changes in operating assets and liabilities:		
Short term investments	-	(9,692)
Receivables	(301)	790
Progress billings receivable	(900)	(602)
Inventories	75	18
Development properties	(1,264)	3,553
Other current assets	(24)	(13)
Trade payables	(104)	(2)
Other current liabilities	1,812	1,367
<b>Cash generated from/(used in) operations</b>	<b>3,351</b>	<b>(3,087)</b>
Income tax refund	4	1,083
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,355</b>	<b>(2,004)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(1,034)	(2,075)
Repayments by associated companies (Repayment to) / advances from associated companies	-	765
	(384)	671
Dividend received from associated company	569	555
Interest received	2	6
<b>Net cash outflow from investing activities</b>	<b>(847)</b>	<b>(78)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	84,352	83,695
Repayment of borrowings	(81,573)	(82,142)
Payments of deferred expenditure	(63)	(69)
Interest paid	(3,887)	(3,907)
<b>Net cash outflow from financing activities</b>	<b>(1,171)</b>	<b>(2,423)</b>
<b>Net change in cash and cash equivalent held</b>	<b>1,337</b>	<b>(4,505)</b>
Cash and cash equivalent at the beginning of the quarter	3,146	9,766

Cash and cash equivalent at the end of the quarter	4,483	5,261
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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or  
(ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated statement of changes in equity**

	Share capital	Share premium	Revaluation and other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2004</b>	175,387	179,004	218,146	(159,804)	412,733
Revaluation deficit	-	-	(852)	-	(852)
Adjustment for movement in deferred tax liability	-	-	665	-	665
Currency translation differences	-	-	2,119	-	2,119
Net gain not recognised in income statement	-	-	1,932	-	1,932
Net loss for the financial period	-	-	-	(2,670)	(2,670)
Total recognised gains/(losses) for the financial period	-	-	1,932	(2,670)	(738)
Share of associated company's transfer from revaluation and other reserves	-	-	(1,040)	1,040	-
<b>Balance at 30</b>	<b>175,387</b>	<b>179,004</b>	<b>219,038</b>	<b>(161,434)</b>	<b>411,995</b>

<b>June 2004</b>					
	Share capital	Share premium	Revaluation and other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2003</b>	175,387	179,004	228,140	(146,453)	436,078
Revaluation deficit	-	-	(4,898)	-	(4,898)
Adjustment for movement in deferred tax liability	-	-	(247)	-	(247)
Currency translation differences	-	-	23	-	23
Net loss not recognised in income statement	-	-	(5,122)	-	(5,122)
Net loss for the financial period	-	-	-	(4,788)	(4,788)
Total recognised losses for the financial period	-	-	(5,122)	(4,788)	(9,910)
<b>Balance at 30 June 2003</b>	<b>175,387</b>	<b>179,004</b>	<b>223,018</b>	<b>(151,241)</b>	<b>426,168</b>

**Company's statement of changes in equity**

	Share capital	Share premium	Revaluation and other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2004</b>	175,387	179,004	212,999	(107,059)	460,331
Revaluation deficit	-	-	(852)	-	(852)
Adjustment for movement in	-	-	665	-	665

deferred tax liability					
Net loss not recognised in income statement	-	-	(187)	-	(187)
Net gain for the financial period	-	-	-	8,411	8,411
Total recognised gains/(losses) for the financial period	-	-	(187)	8,411	8,224
<b>Balance at 30 June 2004</b>	<b>175,387</b>	<b>179,004</b>	<b>212,812</b>	<b>(98,648)</b>	<b>468,555</b>

	Share capital	Share premium	Revaluation and other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2003</b>	175,387	179,004	212,972	(107,023)	460,340
Revaluation deficit	-	-	(4,898)	-	(4,898)
Adjustment for movement in deferred tax liability	-	-	(247)	-	(247)
Net loss not recognised in income statement	-	-	(5,145)	-	(5,145)
Net gain for the financial period	-	-	-	4,671	4,671
Total recognised gains/(losses) for the financial period	-	-	(5,145)	4,671	(474)
<b>Balance at 30 June 2003</b>	<b>175,387</b>	<b>179,004</b>	<b>207,827</b>	<b>(102,352)</b>	<b>459,866</b>

**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 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.  
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 nor reviewed.

**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 statements for the current reporting period compared with the audited financial statements as at 31 December 2003.

**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.**

Nil.

**6. Earnings per ordinary share of the group for the current financial period reported**

**on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	2Q 2004 (3 months)	2Q 2003 (3 months)
Earnings per ordinary share for the period based on net profits/(losses) attributable to shareholders after deducting any provision for preference		

dividends: -		
(i) Based on weighted average number of ordinary shares in issue	(0.76 cents)	(1.36 cents)
(ii) On a fully diluted basis	(0.76 cents)	(1.36 cents)

**7. Net asset value (for the issuer and group) per ordinary share based on issued share**

**capital of the issuer at the end of the:-**

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

	Group		Company	
	30.06.2004	31.12.2003	30.06.2004	31.12.2003
Net asset value per ordinary share based on issued share capital at the end of the period	S\$1.17	S\$1.19	S\$1.34	S\$1.32

**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.**

The Group trimmed its after tax losses by \$2.1 million to \$2.7 million in 2Q 2004, while maintaining revenue at about the same level as the corresponding period last year.

Revenue from hotel operations registered the largest improvement, increasing by \$3.3 million or 133% to \$5.7 million in 2Q 2004. The increase was however offset by lower sales from the property development division, which saw a reduction of \$3.3 million compared to the same period last year.

On the back of higher hospitality margins, the Group achieved a higher gross profit of \$4.4 million for 2Q 2004 compared to \$1.6 million in the corresponding period last year. Other operating income increased as well in line with the higher occupancy achieved.

The Group's pre-tax loss for 2Q 2004 of \$0.4 million was considerably lower than the loss of \$5.3 million recorded in 2Q 2003. This was the result of improved contribution from the hospitality operations as well as higher share of profits from our associate, Yeo Hiap Seng Limited.

Tax for the current period of \$2.3 million includes our share of prior year tax underprovision by our associate, Yeo Hiap Seng Limited amounting to \$1.5 million.

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

The current announced results are in line with the prospect statement previously disclosed.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Ministry of Trade and Industry has revised its 2004 GDP growth forecast upwards to a range of 8% to 9% to reflect the strength of the economic upturn. With improvement in the economy and business sentiments, the outlook for hospitality and residential property market is expected to be positive.

The recovery of the tourism sector bodes well for the hospitality industry, where higher hotel occupancy and room rates are expected to continue into the second half of the year.

Rental income from the Group's investment properties is expected to remain stable as a majority of the units are on long-term leases.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

None

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

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the second quarter ended 30 June 2004.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the**

**group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

**15. A breakdown of sales.**

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest**

**full year and its previous full year.**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ( )	Previous Full Year ( )
Ordinary		
Preference	0	0
Total:		

**BY ORDER OF THE BOARD**

Joanne Lim Swee Lee and Madelyn Kwang Yeit Lam

Secretaries  
14 August 2004