HTL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Singapore)
(Registration Number: 198904162H)

Financial Statements Announcement

For the Period Ended

30 September 2013

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1. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 September 2013 (“9M FY 2013”)

CONSOLIDATED INCOME STATEMENT

	Notes	The Group 3 months ended 30 Sep 2013	2012	Change %	The Group 9 months ended 30 Sep 2013	2012	Change %
		US$'000	US$'000		US$'000	US$'000	
Revenue		**122,053**	**148,228**	(17.7)	**394,206**	**445,401**	**(11.5)**
Cost of sales		(83,339)	(99,994)	(16.7)	(269,955)	(298,673)	(9.6)
Gross profit		**38,714**	**48,234**	(19.7)	**124,251**	**146,728**	**(15.3)**
Other operating income		1,983	2,114	(6.2)	7,858	7,072	11.1
Sales, marketing and distribution expenses		(30,974)	(36,693)	(15.6)	(98,490)	(112,621)	(12.5)
Administrative expenses		(8,101)	(8,464)	(4.3)	(26,380)	(25,851)	2.0
Other operating expenses		(1,186)	(67)	1,670.1	(1,515)	(476)	218.3
Operating profit before finance income and expense and net foreign exchange gain/(loss)	5A	**436**	**5,124**	(91.5)	**5,724**	**14,852**	(61.5)
Finance income		58	124	(53.2)	170	598	(71.6)
Finance expense		(849)	(1,108)	(23.4)	(2,865)	(3,209)	(10.7)
Operating (loss)/profit before net foreign exchange gain/(loss)		**(355)**	**4,140**	NM	**3,029**	**12,241**	(75.3)
Net foreign exchange gain/(loss)*		1,774	(1,606)	NM	(447)	837	NM
Profit before tax		**1,419**	**2,534**	(44.0)	**2,582**	**13,078**	(80.3)
Income tax expense	5B	(1,321)	(1,113)	18.7	(2,330)	(6,047)	(61.5)
Net profit for the period		**98**	**1,421**	(93.1)	**252**	**7,031**	(96.4)
Attributable to:							
Owners of the Company		82	1,382	(94.1)	193	6,912	(97.2)
Non-controlling interest		16	39	(59.0)	59	119	(50.4)
		98	**1,421**		**252**	**7,031**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months 2013	3 months 2012	Change %	9 months 2013	9 months 2012	Change %
Net profit for the period	**98**	**1,421**	(93.1)	**252**	**7,031**	(96.4)
Other comprehensive income/(loss):						
Item that may be reclassified subsequently to income statement:						
Foreign currency translation arising from consolidation	923	(25)	NM	1,995	(494)	NM
Total comprehensive income for the period	**1,021**	**1,396**		**2,247**	**6,537**	
Attributable to:						
Owners of the Company	1,000	1,348	(25.8)	2,231	6,442	(65.4)
Non-controlling interest	21	48	(56.3)	16	95	(83.2)
	1,021	**1,396**		**2,247**	**6,537**	
Gross profit margin (GP%)	**31.7%**	**32.5%**		**31.5%**	**32.9%**	
Net profit margin	**0.1%**	**1.0%**		**0.1%**	**1.6%**	
EBITDA	**4,144**	**5,916**		**11,716**	**22,816**	
EBITDA before net foreign exchange gain/(loss)	**2,370**	**7,522**		**12,163**	**21,979**	
EBITDA margin	**3.4%**	**4.0%**		**3.0%**	**5.1%**	
EBITDA margin before net foreign exchange gain/(loss)	**1.9%**	**5.1%**		**3.1%**	**4.9%**	

NM : Not meaningful

	The Group 3 months ended 30 Sep 2013	2012	The Group 9 months ended 30 Sep 2013	2012
	US$'000	**US$'000**	**US$'000**	**US$'000**
Net foreign exchange gain/(loss) comprises:				
Realised foreign exchange gain	1,134	1,606	763	4,871
Unrealised foreign exchange gain/(loss)	440	319	(1,645)	498
Net fair value gain/(loss) on derivative financial instruments [1]	200	(3,531)	435	(4,532)
Total net foreign exchange gain/(loss)*	**1,774**	**(1,606)**	**(447)**	**837**

Note:

1. *These fair value adjustments are unrealised and non-cash in nature.*

2. BALANCE SHEETS

	Notes	The Group 30 Sep 2013 US$'000	The Group 31 Dec 2012 US$'000	The Company 30 Sep 2013 US$'000	The Company 31 Dec 2012 US$'000
Current assets					
Cash and short-term deposits		66,603	76,679	8	7
Trade and other receivables		61,369	62,778	4,989	8,673
Inventories	5C	162,294	206,167	-	-
Tax recoverable		181	392	-	-
Deposits		5,110	4,946	2,534	2,534
Prepayments		4,673	7,425	-	-
		300,230	**358,387**	**7,531**	**11,214**
Non-current assets					
Investments in subsidiaries		-	-	134,154	134,154
Advances to a subsidiary		-	-	9,308	10,396
Property, plant and equipment		44,441	48,999	-	-
Intangible assets	5D	10,840	10,703	-	-
Deferred tax assets		5,896	5,789	-	-
Other receivables		2,199	2,194	-	-
		63,376	**67,685**	**143,462**	**144,550**
Total assets		**363,606**	**426,072**	**150,993**	**155,764**
Current liabilities					
Trade and other payables		70,753	86,364	3,950	4,100
Current income tax liabilities		634	1,705	-	-
Derivative financial instruments	(i)	1,311	1,747	-	-
Loans and borrowings	5E	98,995	138,313	-	-
Provision for warranty		4,459	4,249	-	-
		176,152	**232,378**	**3,950**	**4,100**
Non-current liabilities					
Loans and borrowings	5E	13,416	20,348	-	-
Deferred tax liabilities		1,272	1,272	1,272	1,272
Advances from a subsidiary		-	-	22,226	23,512
		14,688	**21,620**	**23,498**	**24,784**
Total liabilities		**190,840**	**253,998**	**27,448**	**28,884**
Net assets		**172,766**	**172,074**	**123,545**	**126,880**
Equity attributable to owners of the Company					
Share capital	5F	67,982	67,982	67,982	67,982
Treasury shares	5F	(4,120)	(4,670)	(4,120)	(4,670)
Non-distributable reserves		30,769	29,385	(974)	(506)
Retained earnings		77,270	78,528	60,657	64,074
		171,901	171,225	123,545	126,880
Non-controlling interest		865	849	-	-
Total equity		**172,766**	**172,074**	**123,545**	**126,880**
Group net borrowings		**45,808**	**81,982**	**NA**	**NA**
Group net gearing (%)		**26.65**	**47.88**	**NA**	**NA**
Net tangible assets per share (cents)		**39.70**	**39.71**	**30.46**	**31.39**

Note :

(i) This represents fair value arising from the mark to market (MTM) on all outstanding foreign exchange forward contracts/options which are entered into to hedge currency exchange exposure as at the end of each financial period.

3. STATEMENTS OF CHANGES IN EQUITY

Group

	ATTRIBUTABLE TO OWNERS OF THE COMPANY										
	Share capital	Treasury shares	Share option reserve	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Retained earnings	Equity attributable to owners of the company, total	Non-controlling interest	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2013	67,982	(4,670)	911	186	18,386	(1,417)	11,319	78,528	171,225	849	172,074
Net (loss)/profit for the quarter	-	-	-	-	-	-	-	(1,888)	(1,888)	30	(1,858)
Other comprehensive loss											
Foreign currency translation arising from consolidation	-	-	-	-	(835)	-	-	-	(835)	(37)	(872)
Total comprehensive loss	-	-	-	-	(835)	-	-	(1,888)	(2,723)	(7)	(2,730)
Treasury shares reissued pursuant to employee share option plan	-	160	-	-	-	(136)	-	-	24	-	24
Balance at 31 March 2013	**67,982**	**(4,510)**	**911**	**186**	**17,551**	**(1,553)**	**11,319**	**76,640**	**168,526**	**842**	**169,368**
Net profit for the quarter	-	-	-	-	-	-	-	1,999	1,999	13	2,012
Other comprehensive income/(loss)											
Foreign currency translation arising from consolidation	-	-	-	-	1,955	-	-	-	1,955	(11)	1,944
Total comprehensive income	-	-	-	-	1,955	-	-	1,999	3,954	2	3,956
Treasury shares reissued pursuant to employee share option plan	-	317	-	-	-	(270)	-	-	47	-	47
Dividends on ordinary shares	-	-	-	-	-	-	-	(1,637)	(1,637)	-	(1,637)
Fair value gain transferred to retained earnings on disposal	-	-	-	(186)	-	-	-	186	-	-	-
	-	317	-	(186)	-	(270)	-	(1,451)	(1,590)	-	(1,590)
Balance at 30 June 2013	**67,982**	**(4,193)**	**911**	**-**	**19,506**	**(1,823)**	**11,319**	**77,188**	**170,890**	**844**	**171,734**
Net profit for the quarter	-	-	-	-	-	-	-	82	82	16	98
Other comprehensive income											
Foreign currency translation arising from consolidation	-	-	-	-	918	-	-	-	918	5	923
Total comprehensive income	-	-	-	-	918	-	-	82	1,000	21	1,021
Treasury shares reissued pursuant to employee share option plan	-	73	-	-	-	(62)	-	-	11	-	11
Balance at 30 September 2013	**67,982**	**(4,120)**	**911**	**-**	**20,424**	**(1,885)**	**11,319**	**77,270**	**171,901**	**865**	**172,766**

3. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Group (Cont'd)

ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital	Treasury shares	Share option reserve	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Retained earnings	Equity attributable to owners of the company, total	Non-controlling interest	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2012	67,982	(5,107)	911	186	18,716	(1,045)	10,753	74,645	167,041	771	167,812
Net profit for the quarter	-	-	-	-	-	-	-	1,458	1,458	66	1,524
Other comprehensive loss											
Foreign currency translation arising from consolidation	-	-	-	-	(463)	-	-	-	(463)	(22)	(485)
Total comprehensive (loss)/income	-	-	-	-	(463)	-	-	1,458	995	44	1,039
Treasury shares reissued pursuant to employee share option plan	-	253	-	-	-	(216)	-	-	37	-	37
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	-	13	(13)	-	-	-
	-	253	-	-	-	(216)	13	(13)	37	-	37
Balance at 31 March 2012	**67,982**	**(4,854)**	**911**	**186**	**18,253**	**(1,261)**	**10,766**	**76,090**	**168,073**	**815**	**168,888**
Net profit for the quarter	-	-	-	-	-	-	-	4,072	4,072	14	4,086
Other comprehensive income/(loss)											
Foreign currency translation arising from consolidation	-	-	-	-	27	-	-	-	27	(11)	16
Total comprehensive income	-	-	-	-	27	-	-	4,072	4,099	3	4,102
Treasury shares reissued pursuant to employee share option plan	-	184	-	-	-	(156)	-	-	28	-	28
Dividends on ordinary shares	-	-	-	-	-	-	-	(3,211)	(3,211)	-	(3,211)
	-	184	-	-	-	(156)	-	(3,211)	(3,183)	-	(3,183)
Balance at 30 June 2012	**67,982**	**(4,670)**	**911**	**186**	**18,280**	**(1,417)**	**10,766**	**76,951**	**168,989**	**818**	**169,807**
Net profit for the quarter	-	-	-	-	-	-	-	1,382	1,382	39	1,421
Other comprehensive (loss)/income											
Foreign currency translation arising from consolidation	-	-	-	-	(34)	-	-	-	(34)	9	(25)
Total comprehensive (loss)/income	-	-	-	-	(34)	-	-	1,382	1,348	48	1,396
Balance at 30 September 2012	**67,982**	**(4,670)**	**911**	**186**	**18,246**	**(1,417)**	**10,766**	**78,333**	**170,337**	**866**	**171,203**
Net profit for the quarter	-	-	-	-	-	-	-	748	748	26	774
Other comprehensive income/(loss)											
Foreign currency translation arising from consolidation	-	-	-	-	140	-	-	-	140	(43)	97
Total comprehensive income/(loss)	-	-	-	-	140	-	-	748	888	(17)	871
Transfer from retained earnings to statutory reserve fund	-	-	-	-	-	-	553	(553)	-	-	-
Balance at 31 December 2012	**67,982**	**(4,670)**	**911**	**186**	**18,386**	**(1,417)**	**11,319**	**78,528**	**171,225**	**849**	**172,074**

3. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Company

	Share capital	Treasury shares	Share option reserve	Capital reserve	Retained earnings	Equity, total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2013	67,982	(4,670)	911	(1,417)	64,074	126,880
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(204)	(204)
Treasury shares reissued pursuant to employee share option plan	-	160	-	(136)	-	24
Balance at 31 March 2013	**67,982**	**(4,510)**	**911**	**(1,553)**	**63,870**	**126,700**
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(1,303)	(1,303)
Treasury shares reissued pursuant to employee share option plan	-	317	-	(270)	-	47
Dividends on ordinary shares	-	-	-	-	(1,637)	(1,637)
	-	317	-	(270)	(1,637)	(1,590)
Balance at 30 June 2013	**67,982**	**(4,193)**	**911**	**(1,823)**	**60,930**	**123,807**
Net loss for the quarter, representing total comprehensive income for the quarter	-	-	-	-	(273)	(273)
Treasury shares reissued pursuant to employee share option plan	-	73	-	(62)	-	11
Balance at 30 September 2013	**67,982**	**(4,120)**	**911**	**(1,885)**	**60,657**	**123,545**
Balance at 1 January 2012	67,982	(5,107)	911	(1,045)	66,103	128,844
Net loss for the quarter, representing total comprehensive loss for the quarter	-	-	-	-	(551)	(551)
Treasury shares reissued pursuant to employee share option plan	-	253	-	(216)	-	37
Balance at 31 March 2012	**67,982**	**(4,854)**	**911**	**(1,261)**	**65,552**	**128,330**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	147	147
Treasury shares reissued pursuant to employee share option plan	-	184	-	(156)	-	28
Dividends on ordinary shares	-	-	-	-	(3,211)	(3,211)
	-	184	-	(156)	(3,211)	(3,183)
Balance at 30 June 2012	**67,982**	**(4,670)**	**911**	**(1,417)**	**62,488**	**125,294**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	104	104
Balance at 30 September 2012	**67,982**	**(4,670)**	**911**	**(1,417)**	**62,592**	**125,398**
Net profit for the quarter, representing total comprehensive income for the quarter	-	-	-	-	1,482	1,482
Balance at 31 December 2012	**67,982**	**(4,670)**	**911**	**(1,417)**	**64,074**	**126,880**

4. CONSOLIDATED CASH FLOW STATEMENT

	The Group 3 months ended 30 Sep		The Group 9 months ended 30 Sep	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Operating activities				
Net profit for the period	98	1,421	252	7,031
Adjustments for :				
Income tax expense	1,321	1,113	2,330	6,047
Depreciation on property, plant and equipment	1,539	1,898	5,072	5,659
Amortisation of intangible assets	395	500	1,367	1,468
Net loss/(gain) on disposal of property, plant and equipment	12	35	(1,384)	65
Goodwill written off	-	-	-	9
Interest income	(58)	(124)	(170)	(598)
Interest expense	849	1,108	2,865	3,209
Property, plant and equipment written off	539	-	539	-
Gain on disposal of subsidiary	-	-	-	(21)
Net fair value (gain)/loss on foreign exchange derivative instruments	(200)	3,531	(435)	4,532
Unrealised foreign exchange translation loss/(gain)	617	(160)	2,083	(379)
Operating cash flows before changes in working capital:	5,112	9,322	12,519	27,022
Inventories	10,483	(14,470)	43,873	(28,186)
Trade and other receivables, deposits and prepayments	6,687	8,421	3,992	(9,174)
Provision for warranty	307	(6)	210	1,118
Trade and other payables	(4,392)	(5,964)	(15,611)	9,949
Cash flows generated from/(used in) operations	18,197	(2,697)	44,983	729
Income taxes paid	(1,349)	(2,891)	(3,232)	(7,463)
Net cash flows generated from/(used in) operating activities	**16,848**	**(5,588)**	**41,751**	**(6,734)**
Investing activities				
Net cash inflow on acquisition of a subsidiary	-	-	-	189
Net cash inflow on disposal of a subsidiary	-	-	-	42
Proceeds from disposal of property, plant and equipment	-	87	1,915	133
Purchase of property, plant and equipment	(623)	(1,728)	(1,696)	(3,146)
Purchase of intangible assets	-	(101)	(1,546)	(499)
Interest received	58	124	170	598
Net cash flows used in investing activities	**(565)**	**(1,618)**	**(1,157)**	**(2,683)**
Financing activities				
Interest paid	(849)	(1,108)	(2,865)	(3,209)
Repayment of obligation under finance leases	-	(2)	-	(47)
Repayment of bank term loans	(2,285)	(2,351)	(6,867)	(22,080)
(Repayment of)/proceeds from short term borrowings	(12,495)	21,093	(39,383)	44,524
Proceeds from re-issuance of treasury shares	11	-	82	65
Dividends paid to shareholders of the Company	-	-	(1,637)	(3,211)
Net cash flows (used in)/generated from financing activities	**(15,618)**	**17,632**	**(50,670)**	**16,042**
Net increase/(decrease) in cash and cash equivalents	**665**	**10,426**	**(10,076)**	**6,625**
Cash and cash equivalents at the beginning of the financial period	65,938	84,310	76,679	88,111
Cash and cash equivalents at the end of the financial period (1)	**66,603**	**94,736**	**66,603**	**94,736**
Free Cash Flow(2)	**16,225**	**(7,417)**	**38,509**	**(10,379)**

Notes:

(1) Cash and cash equivalents comprise cash on hand, deposits with banks, net of bank overdrafts.

(2) Free cash flow is defined as net cash generated from operating activities less capital expenditure.

4. **CONSOLIDATED CASH FLOW STATEMENT (Cont'd)**

On 12 January 2012 (the "Acquisition Date"), the Company acquired 100% of the quota capital of Corium Italia S.R.L. ("Corium"). Corium is a company incorporated in Italy engaged in product development, design, manufacturing and sales.

The fair value of the identifiable assets and liabilities of Corium as at the Acquisition Date were:

	Note	2012 US$'000
Current assets		
Cash and short-term deposits *		189
Trade and other receivables		739
Inventories		237
		1,165
Non-current assets		
Property, plant and equipment		14
Intangible assets	5D	4
		18
Total assets		**1,183**
Current liabilities		
Trade and other payables		952
Current income tax liabilities		42
		994
Total liabilities		**994**
Total identifiable net assets at fair value		189
Goodwill arising from acquisition		9
		198
Consideration transferred for the acquisition of Corium		
Deferred cash settlement recorded as other payables		198
Total consideration transferred		**198**
Effect of the acquisition of Corium on cash flows		
Total consideration for 100% equity interest acquired		198
Less: Deferred cash settlement		(198)
Consideration settled in cash		-
Less: Cash and short-term deposits of subsidiary acquired *		(189)
Net cash inflow on acquisition		**189**

4. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

On 13 June 2012, the Company's subsidiary, Domicil Möbel GmbH ("DMG") disposed of its entire interest in the capital of its wholly-owned subsidiary, Domicil Furnishing Wien GmbH ("DFG") (the "Disposal") to its franchisee in Vienna. The Disposal was made pursuant to and in line with the Group's change of business model for the Domicil Home business to focus on building a franchise retail concept with strong brand management and product development.

The carrying amounts of the identifiable assets and liabilities of DFG as at the date of disposal and the cash flow effect of the disposal were:

	2012 US$'000
Current assets	
Cash and short-term deposits **	3
Trade and other receivables	86
Inventories	406
	495
Non-current assets	
Property, plant and equipment	**92**
Total assets	**587**
Current liabilities	
Trade and other payables	**563**
Total liabilities	**563**
Net assets disposed of	**24**
Effect of the disposal of DFG on cash flows	
Net assets disposed of	24
Add: Gain on disposal of subsidiary	21
Cash proceeds from disposal	45
Less: Cash and short-term deposits of subsidiary disposed of **	(3)
Net cash inflow on disposal	**42**

5. NOTES TO THE FINANCIAL STATEMENTS

A. Operating profit before net finance income and expense and net foreign exchange gain/(loss)

This is arrived at after charging/(crediting) the following:

	The Group 3 months ended 30 Sep 2013 US$'000	The Group 3 months ended 30 Sep 2012 US$'000	The Group 9 months ended 30 Sep 2013 US$'000	The Group 9 months ended 30 Sep 2012 US$'000
Depreciation on property, plant and equipment	1,539	1,898	5,072	5,659
Amortisation of intangible assets	395	500	1,367	1,468
Total depreciation and amortisation	1,934	2,398	6,439	7,127
Allowance (written back)/made for impairment of trade receivables	(67)	(4)	229	1,020
Bad trade debts written off	127	-	151	2
Allowance made for slow moving and obsolete inventories	113	241	692	912
Warranty expenses	3,397	3,247	9,515	9,262
Employee benefits	21,762	22,958	65,791	67,699
Property, plant and equipment written off	539	-	539	-
Goodwill written off	-	-	-	9
Net loss/(gain) on disposal of property, plant and equipment	12	35	(1,384)	65

B. Income tax expense

	The Group 3 months ended 30 Sep 2013 US$'000	The Group 3 months ended 30 Sep 2012 US$'000	The Group 9 months ended 30 Sep 2013 US$'000	The Group 9 months ended 30 Sep 2012 US$'000
Tax expense attributable to profit is made up of:				
Current income taxes:				
- Current income tax	610	1,452	2,294	5,938
- (Over)/under provision in respect of previous years	(3)	103	160	154
Deferred income taxes:				
- Current deferred tax	714	(442)	(24)	(45)
- Over provision in respect of previous years	-	-	(100)	-
	1,321	**1,113**	**2,330**	**6,047**

Note:

Resulting from lower profitability, the Group's income tax expense reduced from US$6.0 million in YTD Sep 2012 to US$2.3 million in YTD Sep 2013. The effective tax rate for YTD Sep 2013, however, was higher due to losses from certain subsidiaries which could not be utilised to offset against the profits generated by other subsidiaries.

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

C. Inventories

	The Group	
	30 Sep 2013	31 Dec 2012
	US$'000	US$'000
Raw materials	75,633	102,263
Work-in-progress	20,393	25,717
Finished goods	66,268	78,187
	162,294	206,167

D. Intangible assets

	Goodwill on Acquisition	IP Rights	Computer Software Licenses & Development Costs	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Cost				
At 1 January 2012	**661**	**13,140**	**8,450**	**22,251**
Additions	-	-	1,056	1,056
Acquisition of a subsidiary	-	-	4	4
Exchange rate adjustments	14	-	1	15
At 31 December 2012 and 1 January 2013	**675**	**13,140**	**9,511**	**23,326**
Additions	-	-	1,546	1,546
Exchange rate adjustments	13	-	(60)	(47)
At 30 September 2013	**688**	**13,140**	**10,997**	**24,825**
Accumulated amortisation				
At 1 January 2012	**-**	**4,106**	**6,533**	**10,639**
Charge for the financial period	-	653	1,331	1,984
At 31 December 2012 and 1 January 2013	**-**	**4,759**	**7,864**	**12,623**
Charge for the financial period	-	490	877	1,367
Exchange rate adjustments	-	-	(5)	(5)
At 30 September 2013	**-**	**5,249**	**8,736**	**13,985**
Net book value				
At 31 December 2012	**675**	**8,381**	**1,647**	**10,703**
At 30 September 2013	**688**	**7,891**	**2,261**	**10,840**

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

E. Loans and borrowings

	The Group	
	30 Sep 2013	**31 Dec 2012**
	US$'000	US$'000
Current		
Trust receipts and bank bill payables	34,937	76,258
Bank term loans	9,027	9,178
Short-term bank loans	55,031	52,877
	98,995	138,313
Non-current		
Bank term loans	13,416	20,348
Total loans and borrowings	112,411	158,661

The Group's total loans and borrowings are unsecured except for the bank term loans of a subsidiary with a carrying amount of US$1.0 million that are secured by the subsidiary's freehold land and building.

F. Share capital

	No of ordinary shares		Amount	
	Issued share capital	**Treasury shares**	**Share capital**	**Treasury shares**
	'000	'000	US$'000	US$'000
At 1 January 2013	416,563	(12,358)	67,982	(4,670)
Reissued pursuant to employee share option plans:				
- For cash on exercise of employee share options	-	1,457	-	82
- Loss transferred to capital reserve	-	-	-	468
	-	1,457	-	550
At 30 September 2013	416,563	(10,901)	67,982	(4,120)
At 1 January 2012	416,563	(13,513)	67,982	(5,107)
Reissued pursuant to employee share option plans:				
- For cash on exercise of employee share options	-	1,155	-	65
- Loss transferred to capital reserve	-	-	-	372
	-	1,155	-	437
At 30 September 2012	416,563	(12,358)	67,982	(4,670)

Treasury shares

The Company is authorised by the shareholders to buy up to 10% of the ordinary shares of the Company. Acquired shares are held as treasury shares and presented as a separate component within shareholders' equity. The Company did not purchase treasury shares during the financial period.

The Company reissued 1,456,300 (30 September 2012: 1,154,950) treasury shares during the financial period pursuant to the HTL International Holdings Limited Share Option Plan 2002 at the weighted average exercise price of US$0.06 (30 September 2012: US$0.06) each for a cash consideration of US$82,000 (30 September 2012: US$65,000).

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

F. Share capital (Cont'd)

Share options

HTL International Holdings Limited Share Option Plan 2002

During the financial period, the Company has not issued any new share options.

Details of the share options to subscribe for ordinary shares of the Company that remains outstanding as at 30 September 2013 are as follows:

	Aggregate options granted since commencement of scheme	Aggregate options exercised since commencement of scheme	Aggregate options lapsed since commencement of scheme	Aggregate options outstanding at end of financial period	Exercise price	Exercise Period
2004 Options	4,502,250	1,538,250	1,610,250	1,353,750	S$0.82	19.6.2005 - 18.6.2014
2009 Options	7,120,000	5,697,500	777,500	645,000	S$0.07	26.2.2010 - 26.2.2019
	11,622,250	7,235,750	2,387,750	1,998,750		

G. Earnings per share

	3 months ended 30 Sep		9 months ended 30 Sep	
	2013	2012	2013	2012
Earnings per share (US cents)				
- Basic	0.02	0.34	0.05	1.71
- Diluted	0.02	0.34	0.05	1.70

Basic earnings per share is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective financial period.

For the purpose of calculating the diluted earnings per share, the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 30 September 2013, the Company has only one category of dilutive potential ordinary shares which is share options. In the computation of diluted net earnings per share, if the effect of outstanding share options is anti-dilutive, this is disregarded.

For the share options, the weighted average number of shares is adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price during the financial period) for the same total proceeds is added to the denominator as the number of shares issued for no consideration with no adjustment made to the net profit – numerator.

5. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

G. Earnings per share (Cont'd)

	3 months ended 30 Sep		9 months ended 30 Sep	
	2013	2012	2013	2012
	US$'000	US$'000	US$'000	US$'000
Net profit attributable to owners of the Company used to determine basic and diluted earnings per share	82	1,382	193	6,912
	No. of shares '000	No. of shares '000	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	405,033	403,493	405,048	403,808
Adjustment for assumed conversion of share options	977	2,360	970	2,106
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	406,010	405,853	406,018	405,914
Diluted earnings per share	0.02	0.34	0.05	1.70

H. Net asset per share

	The Group		The Company	
	As at 30 Sep 2013	As at 31 Dec 2012	As at 30 Sep 2013	As at 31 Dec 2012
Net asset value per ordinary share based on issued share capital as at the end of the respective period (US cents) *	42.38	42.36	30.46	31.39

* Based on issued share capital of 405,662,018 ordinary shares (excluding treasury shares) as at 30 September 2013 and 404,205,718 ordinary shares (excluding treasury shares) as at 31 December 2012.

6. AUDIT

The figures have not been audited or reviewed by our auditors.

7. AUDITOR'S REPORT

Not applicable.

8. ACCOUNTING POLICIES

Except as disclosed in paragraph 9 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of audited financial statements as at 31 December 2012.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2013.

The adoption of these new/revised FRS did not have any material impact on the financial statements of the Group.

10. REVIEW OF GROUP PERFORMANCE

Overview

	(A)	(B)	(C)	(D) = (A)+(B)+(C)		(E)	(F) = (D) - (E)	
				YTD Sep		YTD Sep		
	Q1 2013	Q2 2013	Q3 2013	FY 2013	Q3 2012	FY 2012	Changes	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	%
Sofa Business Unit ("Sofa BU")								
- External	121,084	140,248	117,246	378,578	140,924	420,657	(42,079)	-10.0%
- Internal	2,049	2,651	2,734	7,434	2,968	8,707	(1,273)	
	123,133	**142,899**	**119,980**	**386,012**	**143,892**	**429,364**	**(43,352)**	
Leather Business Unit ("Leather BU")								
- Internal	**42,581**	**42,305**	**39,341**	**124,227**	**47,351**	**143,936**	**(19,709)**	-13.7%
Home Furnishing Business Unit ("HFBU")								
- External	5,316	5,505	4,807	15,628	7,304	24,744	(9,116)	-36.8%
- Internal	146	85	73	304	159	402	(98)	
	5,462	**5,590**	**4,880**	**15,932**	**7,463**	**25,146**	**(9,214)**	
Less : Inter-segment sales	(44,776)	(45,041)	(42,148)	(131,965)	(50,478)	(153,045)	21,080	
Group Turnover	**126,400**	**145,753**	**122,053**	**394,206**	**148,228**	**445,401**	**(51,195)**	-11.5%

Notes:

(i) *Core Business comprises the Sofa, Leather Business Units ("BU") and Corporate Office*
(ii) *Q1, Q2 and Q3 2013/2012 – three months ended 31 March, 30 June and 30 September 2013/2012, respectively*
(iii) *YTD Sep 2013/2012 – nine months ended 30 September 2013/2012*
(iv) *SG&A – represents the aggregate of total sales, marketing, distribution and administrative expenses*

Q3 2013 vs. Q3 2012

Turnover

Global economic recovery remains fragile, affecting consumer spending on high value and discretionary goods like furniture negatively.

Amid this challenging economic environment, the Group experienced a weaker Q3 2013. Revenue fell by 17.7% to US$122.1 million. The decline was led by lower sales to our key European market.

Profitability

The Group's GP margin decreased from 32.5% in Q3 2012 to 31.7% in Q3 2013, mainly due to higher raw material and labour costs in China, partially offset by an increase in average selling price.

SG&A reduced by 13.5% to US$39.1 million in Q3 2013, primarily a result of lower revenue.

Other operating expenses increased from US$0.1 million in Q3 2012 to US$1.2 million in Q3 2013. This was largely attributable to a write off of renovation costs upon closure of a retail store in Shanghai during the quarter.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Q3 2013 vs. Q3 2012 (Cont'd)

Profitability (Cont'd)

The Group reported operating loss before net foreign exchange gain and tax of US$0.4 million in Q3 2013 compared to an operating profit of US$4.1 million in Q3 2012.

In the volatile foreign exchange market, the Group managed to achieve a net foreign exchange gain of US$1.8 million in 3Q 2013 compared to a loss of US$1.6 million in 3Q 2012.

Income tax expense increased by 18.7% to US$1.3 million in Q3 2013, mainly due to losses from certain subsidiaries that could not be utilised to offset against the profits generated by other subsidiaries.

Overall, the Group's net profit fell from US$1.4 million in Q3 2012 to US$0.1 million in Q3 2013.

9M FY 2013 vs 9M FY 2012

Turnover

Turnover fell by 11.5% to US$394.2 million for 9M FY 2013. The US$51.2 million decrease in turnover was primarily the result of weak market sentiments, particularly in Europe, and weaker Japanese Yen and Australian Dollar against the USD. This was partially offset by increased sales in Australia and New Zealand ("ANZ").

Profitability

The Group's GP margin dipped from 32.9% to 31.5%, primarily due to higher material and labour costs in China, partially mitigated by an increase in average selling price.

Despite lower suppliers rebate received by Domicil Home in Germany, other operating income improved by US$0.8 million to US$7.9 million on the back of a US$1.4 million gain on disposal of a piece of land in Malaysia.

Other operating expenses rose from US$0.5 million in 9M FY 2012 to US$1.5 million in 9M FY 2013, largely due to a write off of renovation costs upon closure of a retail store in Shanghai in Q3 2013.

SG&A fell by 9.8% to US$124.9 million in 9M FY 2013, in tandem with the fall in turnover.

Consequently, operating profit before net foreign exchange loss and tax dropped from US$14.9 million in 9M FY 2012 to US$5.7 million in 9M FY 2013.

In the volatile foreign exchange market, the Group recorded a net foreign exchange loss of US$0.4 million in 9M FY 2013 compared to a gain of US$0.8 million in 9M FY 2012. The 9M FY 2013 loss was mainly attributable to unrealised foreign exchange loss on translation of bank balances while the 9M FY 2012 gain was mainly attributable to the realised gain on delivery of foreign exchange contracts.

With lower profitability, the Group's income tax expense declined by 61.5% from US$6.0 million to US$2.3 million. Nonetheless, the effective tax rate for 9M FY 2013 was higher than the corresponding period last year due to losses from certain subsidiaries which could not be utilised to offset against the profits generated by other subsidiaries.

In summary, the Group posted a marginal profit of US$0.3 million in 9M FY 2013 compared to US$7.0 million in 9M FY 2012.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Analysis by Major Business Units ("BU")

	Core Business [1]			Home Furnishing		
	9 months ended 30 Sep		Change	9 months ended 30 Sep		Change
	2013	2012	%	2013	2012	%
	US$'000	US$'000		US$'000	US$'000	
Revenue (exclude inter-segment sales)	378,578	420,657	(10.0)	15,628	24,744	(36.8)
Operating profit/(loss) before net foreign exchange (loss)/gain	5,396	13,383	(59.7)	(2,367)	(1,142)	107.3
EBITDA before net foreign exchange (loss)/gain	13,913	22,007	(36.8)	(1,750)	(28)	NM
Net profit/(loss) for the period	2,624	8,253	(68.2)	(2,372)	(1,222)	94.1
Net margin	0.7%	2.0%		-15.2%	-4.9%	
Total net foreign exchange (loss)/gain	(506)	887		59	(50)	

Note:

1. Core Business comprises the Sofa, Leather BU and Corporate Office.

Core Business

Sofa BU - Revenue by Regions

	9 months ended 30 Sep		Change	
	2013	2012		
	US$'000	US$'000	US$'000	%
Asia (excluding Greater China)	51,423	51,265	158	0.3
Greater China	2,983	4,071	(1,088)	(26.7)
Europe	162,711	203,515	(40,804)	(20.0)
North America	97,386	102,814	(5,428)	(5.3)
ANZ	62,853	57,700	5,153	8.9
Others	1,222	1,292	(70)	(5.4)
Total *	378,578	420,657	(42,079)	(10.0)

* Exclude inter-segment sales

Sofa BU's revenue fell by 10.0% to US$378.6 million. All of the Group's key markets recorded a drop in revenue except for ANZ which posted growth of 8.9% to US$62.9 million. The decline was mainly due to weak market sentiments in Europe, and partially a result of the weaker Australian Dollar and Japanese Yen against US Dollar (our functional and presentation currency).

Europe remained our largest market, accounting for 43.0% (9M FY 2012: 48.4%) of the Core Business's turnover, followed by North America (25.7%), ANZ (16.6%) and Asia (14.4%).

The lower revenue coupled with rising material and labour costs had dampened our operating margin. Core Business' operating profit before net foreign exchange (loss) gain and tax fell by 59.7% from US$13.4 million in 9M FY 2012 to US$5.4 million in 9M FY 2013.

10. REVIEW OF GROUP PERFORMANCE (Cont'd)

Home Furnishing BU ("HFBU")

HFBU's revenue fell by 36.8% from US$24.7 million in 9M FY 2012 to US$15.6 million in 9M FY 2013, due to the weak retail conditions and less owned stores as Domicil Home in Germany franchised out half of its stores in Q2 2012.

HFBU's operating loss before net foreign exchange gain and tax doubled to US$2.4 million compared to US$1.1 million in 9M FY 2012, mainly due to operating losses incurred by Domicil Home in Germany which continued to operate below its breakeven point as a result of weaker sales.

Liquidity, financial and working capital resources

The Group had strengthened its balance sheet amidst the challenging business environment.

Trade and other receivables decreased by US$1.4 million to US$61.4 million, mainly due to lower sales in Q3 2013, partially offset by lower factoring without recourse. The average day sales outstanding ("DSO") as at 30 September 2013 remained relatively constant at 1.4 months (31 December 2012: 1.3 months).

Inventory decreased significantly by US$43.9 million from US$206.2 million to US$162.3 million, primarily due to the decrease in procurement activities as the factories continued to utilise the buffer inventories in hand. Consequently, the outstanding days in inventory ("DIO") as at 30 September 2013 improved to 5.4 months (31 December 2012: 6.3 months).

Trade and other payables decreased by US$15.6 million to US$70.8 million, in tandem with lower procurement activities. The average day payables outstanding ("DPO") as at 30 September 2013 remained fairly stable at 2.4 months (31 December 2012: 2.6 months).

The Group's net borrowings (loans and borrowings less cash and short term deposits) reduced by US$36.2 million from US$82.0 million as at 31 December 2012 to US$45.8 million as at 30 September 2013, mainly due to lower utilisation of banking facilities to finance the leather procurement activities. Consequently, net gearing improved significantly to 26.7% (31 December 2012: 47.9%) and the Group reported a positive free cash flow ("FCF") of US$38.5 million in 9M FY 2013 compared to a negative FCF of US$10.4 million in 9M FY 2012.

11. VARIANCE FROM PROSPECT STATEMENT

No prospect statement was previously provided.

12. OUTLOOK

The global economic recovery remains fragile despite recent signs of improvement. Against the backdrop, the Group will continue to be nimble and responsive to changes and opportunities in the competitive marketplace.

While factors such as government-mandated wage hikes at its manufacturing plants in China, increasing raw leather hide prices and volatility of foreign currencies, are beyond the Group's control, HTL is striving to improve its operational efficiency and better control input cost.

The Group expects its operating environment for the rest of the year to remain challenging.

13. KEY BUSINESS RISKS

Macro Risks

Commodity risks

Raw leather hide is the principal raw material in the Group's upholstered furniture accounting for almost half of the sofa upholstery cost. As such, the cost of upholstered furniture is exposed to fluctuations in the price of cattle raw hide. The supply of cattle raw hide is principally dependent on the consumption of beef. The cattle industry is also exposed to veterinary health issues like foot-and-mouth and mad cow disease, which will have an impact on the slaughter rate of cattle. Fluctuations in the price of raw leather hides will significantly affect operating margins.

Cyclical demand for furniture

Historically, the furniture industry has been cyclical, fluctuating with economic cycles and is sensitive to general economic conditions, housing starts, interest rate levels, credit availability and other factors that affect consumer spending habits. As most furniture purchases are discretionary in nature and may represent a significant expenditure to the average consumer, such purchases may be deferred during times of economic uncertainty. Any prolonged global economic slowdown may have an adverse effect on the Group's operating results.

Seasonal operations

The Group's sale of leather upholstered furniture is subject to seasonal variations given the increased contribution from the combined Europe and US markets which now account for almost 70% of the Group's turnover. In general, shipment of goods will be lower from July to August (i.e. the summer months) relative to shipments for other months in a calendar year. Hence, the Group's turnover will experience seasonality effect which may cause short term fluctuations on the Group's performance.

Changes in the regulations of The People's Republic of China ("PRC") relating to export Value Added Tax ("VAT") rebates and import duties

In order to reduce its massive trade surplus, the PRC government has gradually reduced its export VAT rebates for many business sectors. Effective from 1 July 2007, export VAT rebates for the Group's product segments had been reduced for finished leather, from 8% to nil and for sofa upholstery from 13% to 11%. With effect from 1 June 2009, the export VAT rebate for the sofa upholstery was temporarily reinstated to 15%. Should the PRC government revises the effective export VAT rebates downwards, this would adversely impact the Group's operating margins.

Changes in the PRC processing trade policy

Since 2006, the PRC government has been introducing changes to the processing trade policy, such as moving certain widely used materials to the prohibited category, aimed at restricting the production and export of high pollution, high energy consumption and resource consuming products. In its latest policy switch in July 2007, the government requested that enterprises engaged in the processing trade industry in the prohibited category pay a mandatory duty deposit for imported raw materials. At this juncture, the Group's products have been exempted from this prohibited category. Any changes to expand the classification of the prohibited category to include the Group's products may impact the Group's cash flow and incur increased financial costs.

Environmental risk

The production of leather is generally pollutive. As the PRC government is tightening its environmental protection policy, the Group's production activities may be put under close scrutiny. The Group has always observed a high standard of social and environmental responsibility, and welcomes the PRC government's new initiatives. However, it is possible that further investments may be needed to upgrade the Group's waste treatment facilities and this will in turn increase production costs.

13. KEY BUSINESS RISKS (Cont'd)

Macro Risks (Cont'd)

Company Risks

Foreign exchange risks

The global financial markets remain volatile. The Group primarily transacts in US Dollar which is also its primary functional currency. The Group also transacts in other major foreign currencies like Japanese Yen, Sterling Pound, Euro and Australian Dollar. Majority of the Group's operations are also sited outside of Singapore notably China. Consequently, any movement between Renminbi (RMB) and US Dollar will also affect the Group's currency exposure risks. Therefore, any significant adverse movements in the major trading currencies against US Dollar will have an impact on the Group's performance. The Group actively monitors and hedges its foreign currency exchange exposure by using relevant foreign exchange forward contracts and options to hedge its cash flow and margins. Where appropriate, the Group will borrow in the same currency to provide a natural hedge for balance sheet items.

Vulnerable to freight rate increases

The Group exports its upholstery products to more than 50 countries across 6 continents and relies on shipping companies for the shipment of its products to these countries. As such, one of the costs that the Group will bear when it sells on Cost, Insurance and Freight (CIF), Delivered Duty Unpaid (DDU) or Cost and Freight (CFR) terms or where it purchases on Free on Board (FOB) term, is freight costs. The freight market has been extremely volatile and changes in oil prices will also have an effect on freight rates. If freight rates are high, the Group's distribution costs will increase and operating margins can be affected. The Group has no control over the supply and demand of freight services and therefore, it is difficult for the Group to manage its freight costs. The Group will endeavour to factor in an appropriate amount of the expected freight rate increases in the quotation of sales price to customers.

14. DIVIDEND

(i) Current financial period - None

(ii) Corresponding period of the immediately preceding financial period – None

(iii) Date payable - Not applicable

(iv) Books closure date - Not applicable

15. SEGMENTAL INFORMATION

	Sofa US$'000	Leather US$'000	Home Furnishing US$'000	Corporate US$'000	Elimination US$'000	Group US$'000
Financial period ended 30 September 2013						
Revenue						
External sales	378,578	-	15,628	-	-	394,206
Inter-segment sales	7,434	124,227	304	-	(131,965)	-
Total revenue	386,012	124,227	15,932	-	(131,965)	394,206
Segment results	3,689	5,194	(2,380)	(779)	-	5,724
Finance income						170
Finance expense						(2,865)
Net foreign exchange loss						(447)
Income tax expense						(2,330)
Net profit for the period						252
Segment assets	209,866	118,389	26,079	3,195	-	357,529
Tax assets						6,077
Consolidated total assets						363,606
Segment liabilities	(60,757)	(8,678)	(5,773)	(1,315)	-	(76,523)
Loans and borrowings						(112,411)
Tax liabilities						(1,906)
Consolidated total liabilities						(190,840)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	820	512	364	-	-	1,696
- intangible assets	1,546	-	-	-	-	1,546
Depreciation	3,287	1,650	135	-	-	5,072
Amortisation	546	326	495	-	-	1,367

15. SEGMENTAL INFORMATION (Cont'd)

	Sofa US$'000	Leather US$'000	Home Furnishing US$'000	Corporate US$'000	Elimination US$'000	Group US$'000
Financial period ended 30 September 2012						
Revenue						
External sales	420,657	-	24,744	-	-	445,401
Inter-segment sales	8,707	143,936	402	-	(153,045)	-
Total revenue	429,364	143,936	25,146	-	(153,045)	445,401
Segment results	7,314	8,945	(1,083)	(324)	-	14,852
Finance income						598
Finance expense						(3,209)
Net foreign exchange gain						837
Income tax expense						(6,047)
Net profit for the period						7,031
Segment assets	240,236	162,391	29,675	3,434	-	435,736
Tax assets						5,476
Consolidated total assets						441,212
Segment liabilities	(74,954)	(19,628)	(7,163)	(1,533)	-	(103,278)
Loans and borrowings						(163,678)
Tax liabilities						(3,053)
Consolidated total liabilities						(270,009)
Other segment items						
Addition to non-current assets						
- property, plant and equipment	2,176	772	198	-	-	3,146
- intangible assets	499	-	-	-	-	499
Depreciation	3,476	1,996	187	-	-	5,659
Amortisation	303	297	868	-	-	1,468
Goodwill written off	9	-	-	-	-	9

Secondary reporting format – geographical segments

The following table shows the distribution of the Group's consolidated sales by geographical market regardless of where the products were manufactured:

	9 months ended 30 Sep 2013	2012	Change	
	US$'000	US$'000	US$'000	%
Asia (excluding Greater China)	54,057	54,089	(32)	(0.1)
Greater China	3,469	4,635	(1,166)	(25.2)
Europe	171,759	221,210	(49,451)	(22.4)
North America	99,935	105,341	(5,406)	(5.1)
ANZ	63,406	58,474	4,932	8.4
Others	1,580	1,652	(72)	(4.4)
Total	394,206	445,401	(51,195)	(11.5)

15. SEGMENTAL INFORMATION (Cont'd)

The following table shows the distribution of the Group's non-current assets (excluding deferred tax assets) based on the geographical location of where the Company and its subsidiaries are located:

	Non-current assets	
	30 Sep 2013	**30 Sep 2012**
	US$'000	US$'000
Asia (excluding Greater China)	19,645	22,813
Europe	3,530	3,275
Greater China	33,902	36,567
Others	403	392
Total	57,480	63,047

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

We, the undersigned, being two directors of HTL International Holdings Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity (Group and Company) and consolidated cash flow statement, (together with the accompanying notes) for the period ended 30 September 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Phua Yong Tat
Director

Phua Yong Sin
Director

BY ORDER OF THE BOARD

Jacqueline Loke
Company Secretary
13 November 2013