Annual Report 2013

HARTAWAN
HOLDINGS LIMITED

Contents

This annual report has been prepared by Hartawan Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is:

Name: Ms. Alice Ng, Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd.
Address: 77 Robinson Road #21-02 Singapore 068896
Telephone: (65) 6854-6160

CORPORATE PROFILE

Hartawan was established in 1998 and became a listed Company on the legacy Singapore Exchange Securities Trading Dealing and Automated Quotation or SGX Sesdaq on 27 January 2005. On 12 January 2010, Singapore Exchange Securities Trading Limited approved the Company's application for transition to the Catalist sponsor-supervised regime. With effect from 12 February 2010, the Company has complied with the Rules of Catalist on an on-going basis.

The Group's property leasing and management business comprises three strategically located properties in Singapore as at 30 June 2013. The Group leases and manages properties which are used for a variety of purposes, including a hotel, offices and retail.

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board of Directors of Hartawan Holdings Limited ("Hartawan" or the "Company", and together with its subsidiaries, the "Group"), I shall present to you the Annual Report for the year ended 30 June 2013 ("FY2013").

The Group has posted a net profit of S$0.40 million in FY2013, as compared to a net loss of S$0.29 million in FY2012. The net asset value per ordinary share of the Group as at 30 June 2013 is 5.49 cents.

Property Leasing Business

During the financial year, the Group recorded a revenue drop in the property leasing business due to the sale of Whitehouse Holdings Private Limited in September 2012. The Group also faced challenges in passing on the rental increase imposed by the landlord to the respective tenants. Going forward, the Group expects the property leasing business to remain challenging.

Hospitality Business

The Group's hotel business – Hotel Re! @ Pearl's Hill ("Hotel Re!") recorded a decrease in revenue by S$0.15 million in FY2013. This is partly due to competition and the increase in hotel room supply as more hotels are launched in the nearby area.

The hotel industry is labour-intensive and the cost of labour has been rising. The recent foreign worker levy hikes and the reduction in the foreign worker dependency ratio ceiling in the service sector will add further pressure on the already tight labour supply. The lease of Hotel Re! is expiring in February 2016. Due to its short remaining lease and stiffer competition in the industry, Hotel Re! has to generate high occupancy and room rates to sustain itself. Thus, going forward, the Group expects the hospitality business to remain challenging.

Proposed Acquisition of Wilton Resources Holdings Pte Ltd

On 31 October 2011, the Company announced plans to transform its core business through acquisition of an Indonesian gold mining group for S$300 million. On 29 October 2011, the Company entered into a conditional sale and purchase agreement ("S&P Agreement") with Mr Wijaya Lawrence and Mr Ngiam Mia Je Patrick (collectively the "Vendors") to acquire the entire issued and paid-up share capital of Wilton Resources Holdings Pte. Ltd. ("Wilton"), a Singapore-incorporated investment holding company (the "Proposed Acquisition"). Pursuant to a restructuring exercise that will be undertaken for the Proposed Acquisition, the Company will become a gold mining group that owns two concession blocks in West Java, Indonesia (the "Concession Blocks").

Concurrent to the signing of the S&P Agreement, the Company had also entered into a convertible loan agreement with Wilton (the "Convertible Loan Agreement"), and has extended to Wilton a convertible loan of S$12 million. The convertible loan is to facilitate and to enhance, among other uses, the building of infrastructure for the extraction of gold ore and mining operations, and a floatation plant for the processing and production of gold at the Concession Blocks.

More details and information on this can be found in the Company's announcements made on 31 October 2011, 4 November 2011, 17 April 2012, 2 August 2012, 21 August 2012, 24 October 2012, 28 February 2013, 2 July 2013, 26 September 2013 and 27 September 2013.

Gold is a relatively scarce and valuable resource that has high commercial value and relatively stable demand despite the recent uncertainties in the global economy. Based on the information on the estimates of gold reserves and resources in the Concession Blocks and the prevailing market price of gold, the Company believes this Proposed Acquisition is an attractive proposition that has the potential to revitalise the Group's future financial performance, and thus enhance both the Company and shareholder value.

The circular in relation to the Proposed Aquisition has been despatched to you on 27 September 2013 for the purpose of Extraordinary General Meeting to be held on 21 October 2013.

Acknowledgments

I would like to express my appreciation to all my fellow Board members and staff for their positive efforts and perseverance throughout this financial year. I also wish to thank all our shareholders and business partners for their continuing support.

Winstedt Chong, PBM
Chairman

CORPORATE INFORMATION

BOARD OF DIRECTORS

Winstedt Chong Thim Pheng
Executive Chairman

Cynthia Tan Kwee Hiang
Executive Director

Er Kwong Wah
Lead Independent and Non-Executive Director

Dr Tan Eng Liang
Independent and Non-Executive Director

Chng Hee Kok
Non-Executive Director

Wong Kok Hoe
Non-Executive Director

Tan Sin Huat Dennis
Non-Executive Director

AUDIT COMMITTEE

Dr Tan Eng Liang
Chairman

Er Kwong Wah
Wong Kok Hoe

REMUNERATION COMMITTEE

Er Kwong Wah
Chairman

Dr Tan Eng Liang
Wong Kok Hoe

NOMINATING COMMITTEE

Er Kwong Wah
Chairman

Dr Tan Eng Liang
Wong Kok Hoe

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay, North Tower
Level 18, Singapore 048583
Partner in-charge: Low Bek Teng
(Appointed since financial year ended 30 June 2011. In charge for the last 3 years.)

COMPANY SECRETARIES

Chew Kok Liang
Teo Soo Lin

REGISTERED OFFICE AND BUSINESS ADDRESS

175A Chin Swee Road
Singapore 169879
Tel: (65) 6827 8276
Fax: (65) 6827 8271
Email: email@hartawanholdings.com.sg

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited
Standard Chartered Bank

CONTINUING SPONSOR

Canaccord Genuity Singapore Pte. Ltd.
77 Robinson Road #21-02
Singapore 068896

BOARD OF DIRECTORS

Mr Winstedt Chong Thim Pheng
Executive Chairman

Mr Winstedt Chong was first appointed as Non-Executive Chairman of the Company on 2 July 2009 and was subsequently appointed as Executive Chairman on 11 January 2010.

Mr Chong has a wide range and many years' experience in the reclamation and marine dredging industries, hospitality (including hotel development and management), and the food and beverage industry. Mr Chong was appointed as Patron of Tampines Changkat Community Club Management Committee, Patron of Tampines Changkat Citizens Consultative Committee and Chairman of PAP Community Foundation Management Committee, Tampines Changkat.

Mr Chong has been awarded the Public Service Medal (PBM) by the Singapore Government.

Mr Chong is responsible for spearheading the management and the formulation of business plans and development of the Group.

Ms Cynthia Tan Kwee Hiang
Executive Director

Ms Cynthia Tan was first appointed as a Non-Executive Director of the Company on 7 May 2007 and was subsequently appointed as Executive Vice Chairman on 2 July 2009. This appointment ceased on 11 January 2010 and she continued as Executive Director.

Before joining the Group, Ms Tan was the Director of Manhattan Resources Limited. Ms Tan has extensive experience in managing a wide scope of businesses which include the service industry.

Mr Chng Hee Kok
Non-Executive Director

Mr Chng Hee Kok was first appointed as an Independent Director of the Company on 31 December 2007 and subsequently served as Executive Director on 23 April 2008 and Chief Executive Officer on 2 July 2008. Both appointments ceased on 11 January 2010 and he continued as Non-Executive Director.

Mr Chng was a Member of Parliament from 1984 to 2001. He had served on the board of Sentosa Development Corporation and Public Utilities Board and was a past Director of the Governing Council of the Singapore Institute of Directors. Mr Chng is presently Managing Director of LH Group Limited. He was formerly CEO of HG Metal Manufacturing Limited, Scotts Holdings Limited and Yeo Hiap Seng Limited, and Executive Chairman of United Pulp and Paper Ltd.

Mr Chng was awarded a Merit Scholarship by the Singapore Government in 1967 and graduated with a Bachelor of Engineering (First Class Honours) degree from the University of Singapore in 1972. He also holds a Master of Business Administration degree from the National University of Singapore.

Currently Mr Chng is director of a number of public listed companies which include Chinasing Investment Holdings Ltd, Full Apex (Holdings) Ltd, Luxking Group Holdings Limited, Pacific Century Regional Developments Ltd, People's Food Holdings Limited and Samudera Shipping Line Ltd.

Mr Er Kwong Wah
Lead Independent and Non-Executive Director

Mr Er Kwong Wah was appointed as an Independent and Non-Executive Director on 30 November 2004. Mr Er is the Chairman of the Nominating Committee and Remuneration Committee, and serves as a member of the Audit Committee.

He had spent 27 years in the civil service for the Singapore Government and had served in various ministries before his retirement. Mr Er has been awarded the Public Service Star (BBM) by the Singapore Government.

Mr Er holds a first class honours degree in Electrical Engineering from the University of Toronto, Canada and a Master of Business Administration from the University of Manchester, United Kingdom.

Mr Er currently sits on the board of directors of a number of public listed companies which include COSCO Corporation (Singapore) Limited, Eucon Holding Ltd, GKE Corporation Ltd, China Essence Group Ltd, CFM Holdings Limited, China Sky Chem Fibre Co., Ltd. and China Oilfield Technology Services Group Ltd.

Dr Tan Eng Liang
Independent and Non-Executive Director

Dr Tan Eng Liang was appointed as an Independent and Non-Executive Director on 31 October 2008. Dr Tan is the Chairman of the Audit Committee, and serves as a member of the Nominating Committee and Remuneration Committee.

Dr Tan has held several corporate and government positions. He was a Member of Parliament from 1972 to 1980, during which he served as Senior Minister of State for National Development from 1975 to 1978 and Senior Minister of State for Finance from 1978 to 1979. He also served as the Chairman of the Urban Redevelopment Authority, the Singapore Quality and Reliability Association, Executive Vice President of Wuthelam Holdings Ltd and the Chairman for Singapore Sports Council for 16 years from 1975 to 1991 and still contributes as the Vice-President of the Singapore National Olympic Council.

Dr Tan has been awarded the Heritage Award, Public Service Star (BBM), Public Service Star (BAR) and the Meritorious Service Medal by the Singapore Government.

Dr Tan was the first Rhodes Scholar in Singapore, Malaya and Brunei, and gained his Doctorate in Chemistry from Oxford University, England in 1964.

Dr Tan currently sits on the board of directors of the following public listed companies: HG Metal Manufacturing Limited, Sunmoon Food Company Limited, Progen Holdings Ltd, Sapphire Corporation Limited, UE E&C Limited and Tung Lok Restaurants (2000) Ltd.

Mr Wong Kok Hoe
Non-Executive Director

Mr Wong was appointed as a Non-Executive Director on 7 May 2007. He serves as a member of the Nominating Committee, Remuneration Committee and Audit Committee.

Mr Wong is the Group Chief Operating Officer of the Centurion Group which has interests in fund management, private equity investments, property development and investments. Prior to this, he was a partner in a local advocates and solicitors firm. Mr Wong has more than 18 years of experience in legal practice and his main areas of practice were corporate law, corporate finance, mergers and acquisitions and venture capital. Mr Wong holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

Mr Wong currently sits on the board of directors of a number of public listed companies which include Centurion Corporation Limited, CFM Holdings Limited and Lifebrandz Limited.

Mr Tan Sin Huat Dennis
Non-Executive Director

Mr Tan Sin Huat Dennis was appointed as a Non-Executive Director on 1 July 2011.

Mr Tan currently sits on the boards of Renewable Energy Asia Group Ltd and Chasen Holdings Ltd as an independent director; and P99 Holdings Ltd. as an executive director. He possesses experience in the areas of manufacturing, logistics and supply chain, hotel services, and wind and solar renewable energy

He holds an Master of Business Administration degree from the Nanyang Technological University, Singapore; a Bachelor of Arts degree from the National University of Singapore; and a post-graduate certificate in Executive Coaching from Lancaster University Management School, UK.

KEY EXECUTIVES

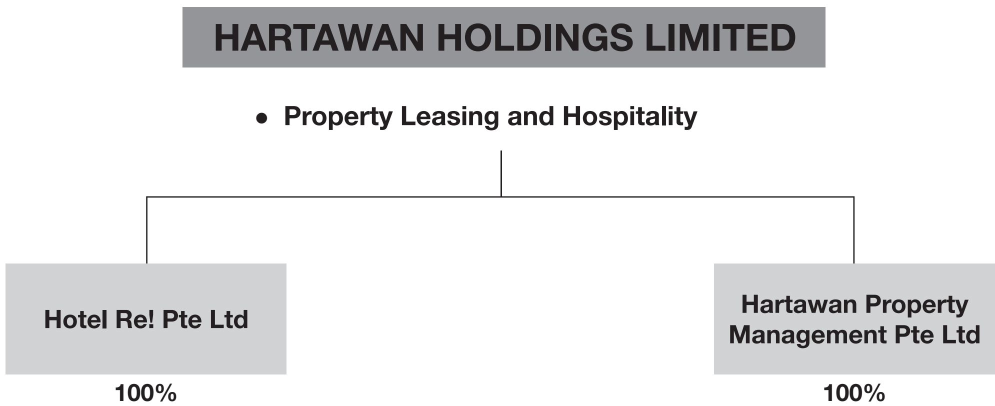
Ms Teo Soo Lin
Financial Controller

Ms Teo Soo Lin was appointed Financial Controller on 23 January 2008. Ms Teo is responsible for managing all financial aspects of the Group. Before joining the Group, Ms Teo was Financial Controller of Manhattan Resources Limited (formerly known as Links Island Holdings Limited). She holds a Bachelor of Accountancy from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

Ms Jolene Chong Chui Wen
Deputy General Manager

Ms Jolene Chong was first appointed as Business Development Manager on 2 March 2009 for Hotel Re! @ Pearl's Hill ("Hotel Re") and subsequently promoted to Deputy General Manager on 1 October 2009. She is responsible for management of overall operations of Hotel Re!. Before joining the Group, she was Accounts Manager of Clear Channel Singapore Pte Ltd, in charge of the development of media sales accounts for the company. She holds a Master in Hospitality Management from Queen Margaret University and a Bachelor of Business Administration from National University of Singapore. Ms Jolene Chong is the daughter of Mr Winstedt Chong and Ms Cynthia Tan.

GROUP STRUCTURE



OPERATIONS REVIEW

Property Leasing and Hospitality

Offices:

- 1 Pegu Road

Others:

- 2 Mackenzie Road

Hotel:

- 175A Chin Swee Road

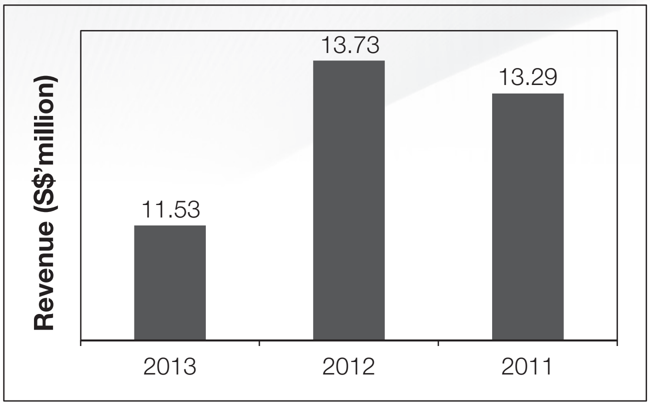
The Group's net profit for financial year ended 30 June 2013 ("FY13") amounted to S$0.40 million, as compared to a net loss of S$0.29 million for financial year ended 30 June 2012 ("FY12") mainly due to the following:

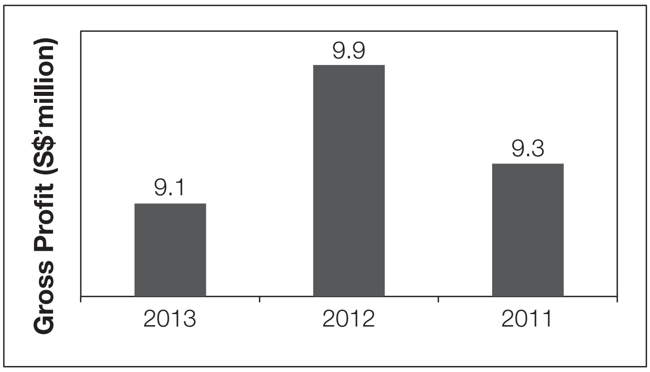
- Decrease in impairment loss on property, plant and equipment of S$0.74 million to S$0.16 million in FY13.
- Decrease in legal and professional fees of S$0.24 million in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of Wilton Resources Holdings Pte. Ltd.
- Decrease in payroll related expenses of S$0.15 million.
- Gain of S$0.25 million from the disposal of WH to another third party in FY13.
- Increase in interest income of S$0.06 million in FY13.

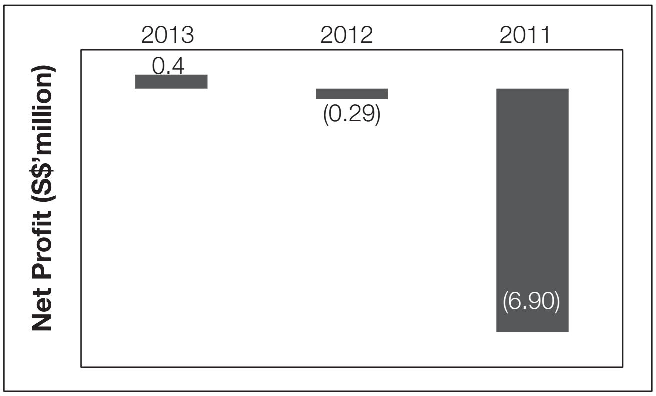
which was partly offset by the following:

- Decrease in gross profit from the property leasing business of S$0.83 million due to sale of investment in Whitehouse Holdings Private Limited ("WH"). This was partly offset by an increase of S$0.03 million in gross profit from the hotel business.
- Income from the forfeiture of deposit of S$0.26 million in relation to the intended proposed disposal of WH to a third party which did not complete by the completion date, 30 November 2011, which did not recur in FY13.

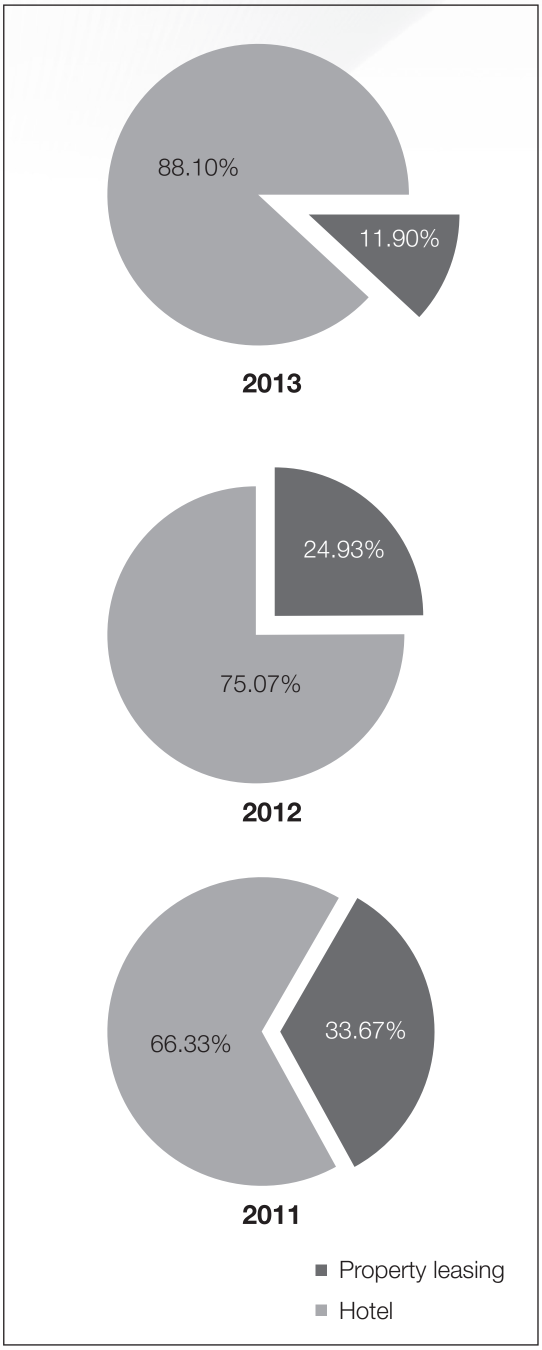
FINANCIAL HIGHLIGHTS







Revenue



CORPORATE HIGHLIGHTS

September 2012

Entered into a sale and purchase agreement with HSR Global Limited for sale of shares in Whitehouse Holdings Private Limited (the “Sale”) and completion of the Sale.

October 2012

Annual General Meeting

February 2013

Entered into a second supplemental agreement with Mr Wijaya Lawrence and Mr Ngiam Mia Je Patrick (the “Vendors”) to amend the definition of longstop date to “30 June 2013”.

July 2013

Entered into a third supplemental agreement with the Vendors to amend the conditional sale and purchase agreement entered with the Vendors in October 2012 (“SPA”), of which the amendments amongst others, include the following:

(a) The extension of the Longstop Date to 31 October 2013;
(b) The Economic Value as set out in the Report shall be in reference to the measured and indicated mineral resources of gold in Pasir Manggu, Cibatu, Cikadu and Sekolah; and
(c) The 28 hectares of land within the Concession Blocks that was held in the names of Wijaya Lawrence, Decky Susanto, Nicco Darmasaputra Lawrence, Haryanto and Tirto Sarjono (“Land”) shall be leased to any Subsidiary (as defined in the SPA) through land borrowing agreements in accordance with the laws, rules and regulations of Indonesia.

Entered into a put option agreement with Mr Chong Thim Pheng under which the Company is granted with an option to require the Mr Chong to purchase from the Company such number of shares representing the entire issued and paid-up share capital of each of the Purchaser Subsidiaries (as defined in the SPA), at an aggregate consideration equivalent to the total net asset value of the Purchaser Subsidiaries as at 30 June 2013, as adjusted for amortisation and depreciation for the period from 1 July 2013 to the end of the month preceding the date of the Notice of the EGM (as defined in the SPA), during the period commencing from the date of Completion (as defined in the SPA) to the date falling 60 days thereafter.

September 2013

Lodgment and despatch of circular in relation to the proposed acquisition of the entire issued and paid-up share capital of Wilton Resources Holdings Pte. Ltd.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Hartawan Holdings Limited (the "Company", and together with its subsidiaries, collectively the "Group") is committed to setting in place corporate governance practices which are in line with the recommendations of the Singapore Code of Corporate Governance 2005 (the "Code") to provide the structure through which protection of the interests of its shareholders, stakeholders and investing public is met.

This report outlines the Company's corporate governance practices for the year ended 30 June 2013 with specific reference to the Code.

BOARD MATTERS

The principal functions of the Board include, amongst other things, the following:

- Reviewing and approving corporate policies, strategies and financial plans of the Group and ensuring that the necessary financial and human resources are in place and monitoring the performance of Management;
- Monitoring financial performance including approval of the annual and interim financial reports, material interested person transactions;
- Setting the Company's values and standards, and ensuring that obligations to shareholders and others are understood and met;
- Overseeing and reviewing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Approving major funding proposals, investments, acquisitions and divestment proposals; and
- Assuming responsibility for corporate governance.

The Board meets on regular basis and has held meetings 4 times during the year. Ad-hoc meetings are convened when they are deemed necessary, to address specific significant matters that arise. The Company's Articles of Association provide for telephonic attendance and conference via audio-visual communication at Board meetings to facilitate Board participation. The Board also approves transactions through circular resolutions, which are circulated to the Board together with all relevant information relating to the proposed transaction.

Newly-appointed directors are briefed by Management on the business activities of the Group,its corporate governance practices and disclosure policies.

To ensure smooth and effective running of the Group and facilitate decision making, the Board has delegated some of its powers and functions to three Board Committees to assist in the execution of the Board's responsibilities. The committees are the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC"), which function within clearly defined terms of reference. All Board committees are headed by Independent Directors.

CORPORATE GOVERNANCE REPORT

The attendance of the directors at meetings of the Board and Board Committees during the financial year ended 30 June 2013 is presented below:

	Board Meetings		Audit Committee Meetings ("AC")		Nominating Committee Meetings ("NC")		Remuneration Committee Meetings ("RC")	
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Winstedt Chong Thim Pheng	4	4	4	4*	1	1*	1	1*
Cynthia Tan Kwee Hiang	4	4	4	4*	1	1*	1	1*
Chng Hee Kok	4	4	4	4*	1	1*	1	1*
Er Kwong Wah	4	4	4	4	1	1	1	1
Dr Tan Eng Liang	4	4	4	4	1	1	1	1
Wong Kok Hoe	4	4	4	4	1	1	1	1
Tan Sin Huat Dennis	4	4	4	4*	1	1*	1	1*

* By Invitation

BOARD COMPOSITION AND BALANCE

The Board consists of seven members, the majority of whom are non-executive, including two who are Independent Directors:

Executive Directors
Mr Winstedt Chong Thim Pheng (Executive Chairman)
Ms Cynthia Tan Kwee Hiang

Non-Executive Directors
Mr Chng Hee Kok
Mr Wong Kok Hoe
Mr Tan Sin Huat Dennis

Independent Directors
Mr Er Kwong Wah (Lead Independent Director)
Dr Tan Eng Liang

The NC considers a Director to be independent if he has no relationship with the Company, its related corporations or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The independence of each director is reviewed annually by the NC in accordance with the Code's definition of independence. Each Director is required to complete a 'Confirmation of Independence' form to confirm his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guide 2.1 in the Code and the Guidebook for Audit Committee in Singapore issued by Audit Committee Guidance Committee (the "Guidebook") in October 2008, requires each Director to assess whether he considers himself independent, despite not having any of the relationships identified in the Code.

Presently the independent directors do not make up one-third of the Board. The NC is of the view that there is a good balance between the executive and non-executive directors and a strong independent element on the Board. The non-executive directors also actively participate to give their independent views on the business activities and corporate governance practices of the Company. The Company will appoint additional independent directors at the appropriate time.

The NC is also of the opinion that its current Board size and current mix of expertise and experience of its members is appropriate, taking into account the core competencies of the directors, which include accounting and finance, business management, industry knowledge, legal, strategic planning experience and customer-based experience.

The independent and non-executive directors meet without the presence of Management, where appropriate. They contribute to the Board process by monitoring and reviewing Management's performance. Their views and opinions provide alternative perspectives to the Group's business and they bring independent judgment to bear on business activities and transactions which may involve conflicts of interest and other complexities.

Key information regarding the directors of the Company is set out in the section "Board of Directors" on pages 06 and 07.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Winstedt Chong was appointed as Executive Chairman on 11 January 2010. With effect from 11 January 2010, Mr Winstedt Chong has also assumed the duties of Mr Chng Hee Kok (who has relinquished his position as the Chief Executive Officer ("CEO") of the Company).

The Chairman is responsible for the workings of the Board, ensuring that Board members engage Management in constructive debate on various matters including strategic issues and business planning processes. The Chairman ensures that Management provides the Board members with complete, adequate and timely information. He takes a leading role in ensuring the Company strives to achieve and maintain a high standard of corporate governance practices by establishing shared acceptance of core business and management values among Board members. The CEO is responsible for the day-to-day operations and overall management, strategic planning and business development of the Group.

The Board is of the view that it is not necessary to have the roles of Chairman and CEO to be separate, taking into account the corporate structure, scope of the Company's operations, the presence of two competent and professional independent non-executive directors and three equally competent and professional non-executive directors. The Board is of the opinion that the process of decision making by the Board has been independent and has been based on collective decisions without any individual exercising any considerable concentration of power or influence.

In line with corporate governance best practices, the Board has appointed Mr Er Kwong Wah as Lead Independent Director on 23 August 2006. The Lead Independent Director is available to shareholders where they have concerns and contact through the normal channels if the Chairman has failed to resolve or for which such contact is inappropriate.

BOARD MEMBERSHIP AND PERFORMANCE

The NC currently comprises the following three members, a majority of whom, including the Chairman, are independent directors:

Er Kwong Wah (Chairman)
Dr Tan Eng Liang
Wong Kok Hoe

The NC met once in the year. The key roles of the NC are to:

- review and make recommendations to the Board on all Board appointments and re-appointments;
- assess the effectiveness of the Board as a whole and the contributions made by each director to the effectiveness of the Board, in particular when a director has multiple board representations;
- determine the independence of the directors on an annual basis; and
- periodically review the structure, size and composition of the Board to ensure relevance.

The NC is governed by its written terms of reference. In accordance with the requirement of the Code, the Chairman of the NC is not directly associated with a substantial shareholder of the Company. The NC makes recommendations to the Board on all nominations for appointment and re-appointment to the Board, and the Board committees. It ascertains the independence of Directors and evaluates the Board's performance. The NC assesses the independence of directors, based on the guidelines set out in the Code, the Guidebook and any other salient factors.

The NC had implemented and continued with an annual performance evaluation for assessing the effectiveness of the Board as a whole and had completed the assessment. The assessment parameters are broadly based on the attendance records at the meetings of the Board and the relevant Board Committees, intensity of participation at meetings, sense of independence, quality of contributions and workload requirements. The assessment process also focused on the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, communication with Senior Management and Directors' standard of conduct. Following the assessment, the NC is of the view that the Board comprises directors capable of exercising objective judgment on the corporate affairs of the Company independently of management and that no individual or small group of individuals dominate the Board's decision-making process.

The NC has reviewed and concluded that sufficient time and attention is being given by the directors to the affairs of the Group, notwithstanding that some of the directors have multiple board representations, and there is presently no need to implement internal guidelines to address the competing time commitments.

In the selection and appointment of new directors, the NC will review the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Directors and requirements of the Group, so as to identify desirable competencies for a particular appointment. It strives to source for candidates who possess the skills and expertise that will further strengthen the Board, and are able to contribute to the Group in relevant strategic business areas, in line with the growth and development of the Group.

CORPORATE GOVERNANCE REPORT

Article 97 of the Company's Articles of Association requires newly-appointed directors to retire at the next Annual General Meeting ("AGM") following their appointment. Article 91 of the Company's Articles of Association provides that every director shall retire from office once every three years and for this purpose, at each AGM, one-third of the directors shall retire from office by rotation. A retiring director is eligible for re-election by the shareholders of the Company at the AGM.

Each member of the NC shall abstain from voting on any resolutions in respect to this re-nomination as a director.

At the forthcoming AGM, Ms Cynthia Tan, Mr Wong Kok Hoe and Mr Dennis Tan are due to retire by rotation in accordance with Article 91.

The NC has recommended the re-elections of Ms Cynthia Tan, Mr Wong Kok Hoe and Mr Dennis Tan at the forthcoming AGM. The Board has accepted the NC's recommendation and these retiring directors have offered themselves for re-election at the forthcoming AGM.

The NC has also recommended the re-appointment of Dr Tan Eng Liang as an Independent Director of the Company. This recommendation has been accepted by the Board and the re-appointment of Dr Tan Eng Liang will be tabled for shareholders' approval at the forthcoming AGM pursuant to Section 153(6) of the Companies Act, Cap. 50.

Key information regarding the Directors is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Directorship and Chairmanship in Other Listed Companies and Major Appointments (Present and held over preceding 3 years)
Winstedt Chong Thim Pheng	2 July 2009	24 October 2012	-
Cynthia Tan Kwee Hiang	7 May 2007	27 October 2011	-
Chng Hee Kok	31 December 2007	24 October 2012	LH Group Limited Chinasing Investment Holdings Ltd Full Apex (Holdings) Ltd Luxking Group Holdings Limited Pacific Century Regional Developments Ltd People's Food Holdings Limited Samudera Shipping Line Ltd
Er Kwong Wah	30 November 2004	24 October 2012	Cosco Corporation (Singapore) Limited China Essence Group Ltd Eucon Holding Ltd China Oilfield Technology Services Group Ltd GKE Corporation Ltd (formerly known as Van Der Horst Energy Ltd) China Sky Chem Fibre Co., Ltd. CFM Holdings Limited
Dr Tan Eng Liang	31 October 2008	Re-appointment under Section 153(6) of the Companies Act	Sunmoon Food Company Limited Progen Holdings Ltd Sapphire Corporation Limited Tung Lok Restaurants (2000) Ltd UE E&C Limited HG Metal Manufacturing Limited

Name of Director	Date of First Appointment	Date of Last Re-election	Directorship and Chairmanship in Other Listed Companies and Major Appointments (Present and held over preceding 3 years)
Wong Kok Hoe	7 May 2007	27 October 2011	CFM Holdings Limited Centurion Corporation Limited Lifebrandz Limited
Tan Sin Huat Dennis	1 July 2011	27 October 2011	Chasen Holdings Ltd Renewable Energy Asia Group Ltd P99 Holdings Ltd

ACCESS TO INFORMATION

To enable the Board to fulfill its responsibilities, Management strives to provide the Board members with complete, adequate and timely information prior to Board and Board committee meetings on an on-going basis. Board and Board committee papers are prepared for each meeting and are disseminated to the Board members before the meetings. Information on major developments and material transactions are also circulated to directors as and when they arise. Where a decision has to be made before a Board meeting is convened, a directors' resolution is circulated in accordance with the Articles of Association of the Company and the directors are provided with the necessary information that will allow them to make informed decisions.

The Board has separate and independent access to the Management and the Company Secretaries. Where necessary, senior Management staff are invited to attend Board meetings to address queries and provide detailed insights into specific areas of operations.

The Company Secretaries or their representatives administer, attend and prepare minutes of Board and Committee meetings, and assist the Chairman in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and Board committee function effectively. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company.

REMUNERATION MATTERS

The RC currently comprises the following three members, a majority of whom, including the Chairman, are independent directors:

Er Kwong Wah (Chairman)
Dr Tan Eng Liang
Wong Kok Hoe

The RC is governed by its written terms of reference. The RC meets at least once a year and the RC's principal functions are, *inter alia*:

- make recommendations to the Board on the Group's framework of remuneration of directors and key management, taking into consideration the pay and employment conditions within the industry and in comparable companies as well as the performance of the Group and the individuals;

- review the adequacy and form of compensation of the executive directors and key Management executives of the Group, to ensure that the compensation is realistically commensurate with their responsibilities and performance of the individual and the Group; and
- review the recommendations of executive directors on the fees for non-executive directors before submission to the Board for approval.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises.

The RC also oversees the administration of the Hartawan Employee Share Option Scheme (the "Share Option Scheme") upon the terms and conditions as defined in the Share Option Scheme.

In structuring and reviewing the remuneration packages, the RC seeks to align interest of directors with those of shareholders and link rewards to corporate and individual performance as well as roles and responsibilities of each director. The RC is of the opinion that the executive directors and Group key executives are not excessively compensated, taking into consideration their responsibilities, skills, expertise and contributions to the Group's performance. Mr Winstedt Chong's service agreement with the Company is for a period of one year with effect from 11 January 2013 and Ms Cynthia Tan's service agreement is for a period of one year with effect from 02 July 2013 (both unless otherwise terminated by either party giving not less than three months' notice to the other).

The independent and non-executive directors are paid directors' fees. The directors' fees which are recommended by the Board are subject to shareholders' approval at the AGM. Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration. No director was involved in determining his or her own remuneration and/or directors' fee.

All directors and employees are entitled to participate in the Share Option Scheme. Information on the Share Option Scheme is disclosed in the Directors' Report on pages 27 and 28. To date, no option has been granted to the directors and employees of the Group.

A breakdown showing the percentage mix of remuneration payable in the financial year 30 June 2013 for each of the directors and key executive officers of the Company is set out below:

Name	**Salary**	**Bonus**	**Other benefits**	**Fee**	**Total**
Executive Directors in the band of S$250,001 to S$500,000					
Winstedt Chong Thim Pheng	78%	7%	15%	0%	100%
Cynthia Tan Kwee Hiang	76%	6%	18%	0%	100%
Independent Non-Executive Directors in the band S$250,000 and below					
Er Kwong Wah	0%	0%	0%	100%	100%
Dr Tan Eng Liang	0%	0%	0%	100%	100%
Wong Kok Hoe	0%	0%	0%	100%	100%
Chng Hee Kok	0%	0%	0%	100%	100%
Tan Sin Huat Dennis	0%	0%	0%	100%	100%

Name	Salary	Bonus	Other benefits	Fee	Total
Top 3 Executive Officers in the band below S$250,000					
Teo Soo Lin	85%	7%	8%	0%	100%
Joseph Ong*	76%	0%	24%	0%	100%
Jolene Chong Chui Wen	78%	6%	16%	0%	100%

* Mr Joseph Ong has resigned as at 31 July 2012.

The executive directors' remuneration, made up of salary, bonus and other benefits, is presented in Note 26 of the notes to the financial statements on page 69.

For the financial year ended 30 June 2013, the Group has 2 employees who are immediate family members of 2 directors but whose remuneration do not exceed $150,000.

The RC has reviewed and approved the remuneration packages of the Directors and Key Management, having due regard to their contributions as well as the financial and commercial needs of the Group and has ensured that the Directors are adequately but not excessively remunerated.

ACCOUNTABILITY

The Board is accountable to shareholders for the management of the Group. The Board updates shareholders on the operations and financial position of the Group through its quarter, half-year and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

The Management maintains close contact and communication with the Board by various means including the preparation and circulation to all Board members quarterly result announcement of the Group. This allows the Directors to monitor the Group's performance as well as Management's achievements of the goals and objectives determined and set by the Board.

Audit Committee

The AC currently comprises the following members, a majority of whom, including the Chairman, are independent directors:

Dr Tan Eng Liang (Chairman)
Er Kwong Wah
Wong Kok Hoe

The Board is of the view that the AC members have sufficient financial management-related expertise and experience to discharge the AC's functions.

The responsibilities of the AC include:

- to assist the Board in discharging its statutory responsibilities on financial and accounting matters;

- to review the independence of external auditor annually and consider the appointment or re-appointment of external auditor and matters relating to the resignation or removal of the auditor and approve the remuneration and terms of engagement of the external auditor;
- to review significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcements prior to their submission to the Board for approval;
- to review the financial and operating results and accounting policies of the Group;
- to review the adequacy of the Company's internal controls (including financial, operational and compliance controls) and risk management policies and systems established by the Management;
- to review the legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- to review interested person transactions falling within the scope of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual, Section B : Rules of Catalist.

The AC meets the Company's external auditor without the presence of the Management at least once a year to discuss the scope of their audit, the results of their examination and evaluation of the Company's overall financial, operational and compliance controls, and the responses from the Management. The AC also met the Management to review accounting and financial reporting matters so as to ensure that the Group maintains an effective control environment.

The AC has full access to the Management and is given the resources required for it to discharge its duties. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The AC may also examine, within its terms of reference, any matters pertaining to the Group's affairs and monitor the Group's compliance with legal, regulatory and contractual obligations.

To be in line with the new Code of Corporate Governance, the AC has reviewed its Terms of Reference to include the roles of the risk management and has undertaken the roles to assist the Board and Management to monitor and review the risk management of the Company and the Group.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the Audit Committee in evaluating the external auditor. Accordingly, the Audit Committee had evaluated the performance of the external auditor based on the key indicators of audit quality set out in the said Guidance.

The following aggregate amount of fees are paid/payable to external auditor, Ernst & Young LLP ("EY") for the financial year ended 30 June 2013:

Services	**Amount (S$)**
Audit service	S$82,500
Non-audit service	S$233,900
Total	S$316,400

CORPORATE GOVERNANCE REPORT

The Company has complied with Rule 715 of the Rules of Catalist as all Singapore based subsidiaries of the Company are audited by EY for the purposes of the consolidated financial statements of the Group.

The AC has also undertaken a review of the cost effectiveness, independence and objectivity of the external auditor. The AC is satisfied that notwithstanding non-audit services provided for by the external auditor, the AC is of the view that the external auditor is independent and the external auditor had also provided a confirmation of their independence to the AC. The AC had assessed the external auditor based on factors such as performance, adequacy of resources, and experience of their audit engagement partner and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the AC is satisfied that Rule 712 of the Rules of Catalist is complied with and has recommended to the Board of Directors the nomination of the external auditor for re-appointment at the forthcoming AGM.

A "Whistle-blowing Programme" ("Policy") has been put in place to encourage and to provide a channel for staff to report and to raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. The Policy ensures that arrangements are in place for independent investigations of such matters and for appropriate follow up action.

The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expense as and when the need arises.

INTERNAL CONTROLS

Although the Board acknowledges that it is responsible for the Group's overall system of internal controls, the Board also recognises that no internal control system will preclude all errors and irregularities. The Group's system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place address the financial, operational and compliance risks, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded.

The Company had appointed Protiviti Pte. Ltd. ("Protiviti") to conduct an Enterprise Risk Assessment Exercise to identify the top priority financial, operational and compliance risks of Hotel Re! Pte. Ltd. ("Hotel Re!"), which is a wholly-owned subsidiary of the Company. The review comprised the identification, prioritisation, assessment, management and monitoring of key risks. Protiviti also reviewed, amongst others, Hotel Re!'s Internal Control Framework, Policies and Charters.

Based on the report submitted by Protiviti, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes are not satisfactory for the type and size of business conducted.

The Directors have received the representation letter from the Management in relation to the financial information for the year. Any material non-compliance or weaknesses in internal controls or recommendations from the external auditor and Protiviti to further improve the internal controls will be reported to the AC. The AC will follow up on the actions taken by the Management and on the recommendations made by the external auditor and Protiviti.

Based on the various management controls put in place, the reports from the external auditor and Protiviti, representation letter from the Management, periodic reviews by the Management, the Board with the concurrence of the AC is of the opinion that the system of internal controls addressing financial, operational and compliance risks maintained by the Group during the year are adequate.

The Board also notes that all internal control systems and risk management systems contain inherent limitations and no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, and/or other irregularities.

As the Group continues to grow the business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls and risk management.

INTERNAL AUDIT

The Board acknowledges that it is responsible for maintaining an internal audit function that is independent of the activities it audits. The effectiveness of the internal financial control systems and procedures are monitored by the Management.

Currently the Company has not appointed any internal auditor because the Group's operation is relatively small with its business, customers and suppliers primarily in Singapore, and the Management has set in place sufficient internal control systems. As the Group's business expands, the Company will consider whether to appoint an internal auditor or outsource its internal audit functions to a professional accounting firm.

COMMUNICATION WITH SHAREHOLDERS

The Board strives to ensure that clear, useful and timely communication is made to the shareholders with regard to all material matters affecting the Group so as to maintain a high level of transparency. The Company does not practice selective disclosure. All information on the Company is published through SGXNET.

A copy of the Annual Report and Notice of Annual General Meeting will be sent to all shareholders. The shareholders are encouraged to attend the Annual General Meeting to ensure a high level of accountability by the Board and Management and to stay informed of the Group's strategies and growth. The participation of shareholders is encouraged at the Company's AGM.

During general meetings, separate resolutions for each distinct issue are tabled for shareholders' approval. Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution.

The shareholders are also given ample time and opportunities to speak and seek clarification on the Group's affairs and the directors, including the chairman of the Board and the respective Board Committees, are present to answer shareholders' questions. The external auditors are also present to address any relevant queries by shareholders.

If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

DEALING IN SECURITIES TRANSACTIONS

The Company has adopted its own internal code to govern conduct in the dealing of the securities of the Company by its directors and Group employees. The internal code emphasizes that the law on insider trading is applicable at all times, notwithstanding that there are certain blackout periods for the Company, its directors and employees to deal in the securities of the Company. The Company and its officers are prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Group's results for each of the first three quarters of its financial year end and one month before the announcement of the Group's full year results, as the case may be, and ending on the date of announcement of the relevant results. The Company has complied with the Rule 1204(19) of the Listing Manual, Section B: Rules of Catalist on dealing in its securities.

In addition, the directors and officers are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period. They are also encouraged not to deal in the Company's securities on short term consideration.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are conducted on arm's length basis. All IPTs are subject to review by the AC to ensure compliance with established procedures.

Currently, the Company is not required to make announcement or have a general mandate from its shareholders relating to interested person transactions, as the aggregate value of these transactions are within the threshold limits set out under Chapter 9 of the Listing Manual, Section B: Rules of Catalistof the SGX-ST.

During the financial year, interested person transactions entered into by the Group were as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Between subsidiaries and:	**S$**	**S$**
Luxking Group Holding Ltd (c/o Octant Consulting)	3,828	-
Hock Lian Seng Holdings Limited	2,541	-
Hock Lian Seng Infrastructure Pte Ltd	23,969	-
ChinaSing Investment Pte Ltd	3,828	-
Aggregate value	**34,166**	-

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any director or the controlling shareholder.

RISK MANAGEMENT

The Group regularly reviews its Group's business and operational activities and to identify areas of significant business risks as well as takes appropriate measures to manage and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the Board. The financial risk management objectives and policies are outlined in Note 29 to the financial statements.

Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect shareholders' interest.

CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor supervised regime. The continuing sponsor of the Company is Canaccord Genuity Singapore Pte. Ltd. who was appointed on 29 July 2013. The previous continuing sponsor was RHT Capital Pte. Ltd.

For the purpose of Rule 1204(21) of the Rules of Catalist, there was no non-sponsor fee paid to the previous sponsor by the Company for the year ended 30 June 2013. However, the total amount of fees paid to the affiliates of RHT Capital Pte. Ltd. namely, RHTLaw Taylor Wessing LLP and RHT Corporate Advisory Pte. Ltd., for legal work and corporate secretarial work done respectively for the year ended 30 June 2013, was approximately S$56,484.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Hartawan Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2013.

Directors

The directors of the Company in office at the date of this report are:

Winstedt Chong Thim Pheng	(Executive Chairman)
Cynthia Tan Kwee Hiang	(Executive Director)
Chng Hee Kok	(Non-Executive Director)
Er Kwong Wah	(Lead Independent Director)
Dr Tan Eng Liang	(Independent Director)
Wong Kok Hoe	(Non-Executive Director)
Tan Sin Huat Dennis	(Non-Executive Director)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			**Deemed interest**		
Name of directors	**At the beginning of financial year**	**At the end of financial year**	**At 21 July 2013**	**At the beginning of financial year**	**At the end of financial year**	**At 21 July 2013**
Ordinary shares of the Company						
Winstedt Chong Thim Pheng	103,000	1,423,000	1,663,000	185,897,411	185,897,411	185,897,411
Cynthia Tan Kwee Hiang	–	–	–	186,000,411	187,320,411	187,560,411
Er Kwong Wah	–	–	–	150,000	150,000	150,000
Chng Hee Kok	3,000,000	3,000,000	3,000,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Winstedt Chong Thim Pheng and Cynthia Tan Kwee Hiang are deemed to have interests in the ordinary shares of all the subsidiaries of the Company to the extent that the Company has interest.

Directors' interests in shares and debentures (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

Hartawan Employee Share Option Scheme

The Hartawan Employee Share Option Scheme (the "ESOS") was approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 November 2004. The ESOS complies with the relevant rules as set out in Chapter 8 of the SGX-ST Listing Manual.

Under the rules of the ESOS, executive and non-executive directors (including independent directors) and employees of the Group and related companies ("Group Employees") are eligible to participate in the ESOS. The controlling shareholders are also eligible to participate in the ESOS.

The ESOS is administered by the Remuneration Committee which presently comprises the following directors:

Er Kwong Wah (Chairman)
Dr Tan Eng Liang
Wong Kok Hoe

The aggregate number of shares over which the Remuneration Committee may grant options on any date, when aggregated with the number of shares issued and issuable in respect of all options granted under the ESOS and any other share option schemes of the Company, shall not exceed 15% of the issued shares of the Company on the date preceding the date of the relevant grant.

The options that are granted under the ESOS may have exercise prices that are set at a price (the "Market Price") equal to the average of the last dealt prices for the shares on the Official List of the Catalist for the 5 consecutive market days immediately preceding the relevant date of grant of the relevant option or at a discount to the Market Price (subject to a maximum discount of 20% of the Market Price).

Options which are exercisable at the Market Price may be exercised after the first anniversary of the date of the grant of the option while options exercisable at a discount to the Market Price may be exercised after the second anniversary of the date of grant of that option.

Options granted under the ESOS will have a life span of 5 years. Under no circumstances shall the exercise price be less than the nominal value of a share.

DIRECTORS' REPORT

Share options (cont'd)

The ESOS shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the shareholders of the Company by ordinary resolution in general meeting and of any relevant authorities which may then be required.

From the commencement of the ESOS to 30 June 2013, no options have been granted under the ESOS to any eligible participant.

Audit Committee

The Audit Committee carried out its functions specified in the Singapore Companies Act. The functions performed are detailed in the Corporate Governance Report as set out in the Annual Report of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Winstedt Chong Thim Pheng
Director

Chng Hee Kok
Director

Singapore
28 September 2013

STATEMENT BY DIRECTORS

We, Winstedt Chong Thim Pheng and Chng Hee Kok, being two of the directors of Hartawan Holdings Limited, do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Winstedt Chong Thim Pheng
Director

Chng Hee Kok
Director

Singapore
28 September 2013

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 30 June 2013

To the Members of Hartawan Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Hartawan Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 32 to 79, which comprise the balance sheets of the Group and the Company as at 30 June 2013, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2013

To the Members of Hartawan Holdings Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2013

	Note	2013 $	2012 $
CONTINUING OPERATIONS			
Revenue	4	11,529,970	13,733,884
Cost of sales	5	(2,437,157)	(3,785,227)
Gross profit		9,092,813	9,948,657
Other income	6	596,136	706,134
Administrative expenses		(4,249,640)	(4,637,626)
Other operating expenses		(4,888,116)	(5,990,237)
Profit from operations		551,193	26,928
Finance costs	7	(22,092)	(94,600)
Profit/(loss) before tax from continuing operations	8	529,101	(67,672)
Income tax expense	10	(133,858)	(201,623)
Profit/(loss) from continuing operations, net of tax		395,243	(269,295)
DISCONTINUED OPERATION			
Loss from discontinued operation, net of tax	11	–	(21,837)
Profit/(loss) net of tax		395,243	(291,132)
Other comprehensive income		–	–
Total comprehensive profit/(loss) for the year and attributable to owners of the parent		395,243	(291,132)
Earnings/(loss) per share from continuing operations attributable to owners of the parent (cents per share)			
Basic	12(a)	0.05	(0.03)
Diluted	12(a)	0.05	(0.03)
Loss per share from discontinued operation attributable to owners of the parent (cents per share)			
Basic	12(b)	–	–*
Diluted	12(b)	–	–*

* Denotes less than 0.01 cents

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 30 June 2013

	Note	Group 2013	Group 2012	Company 2013	Company 2012
		$	$	$	$
Non-current assets					
Property, plant and equipment	13	2,592,071	3,452,334	800	1,400
Intangible assets	14	41,589	65,771	–	–
Investment in subsidiaries	15	–	–	3,309,164	4,709,164
Prepaid operating expenses	17	47,878	8,553	–	472
Other receivables and deposits	18	267,871	71,629	–	–
		2,949,409	3,598,287	3,309,964	4,711,036
Current assets					
Inventories		49,331	49,996	–	–
Trade receivables	16	475,789	451,706	–	–
Prepaid operating expenses	17	81,839	109,866	10,033	11,308
Other receivables and deposits	18	177,935	349,968	19,319	5,451
Loan receivable	19	12,000,000	6,000,000	12,000,000	6,000,000
Assets held for sale	20	–	2,701,495	–	2,383,361
Cash and cash equivalents	21	31,321,181	33,753,929	29,546,676	31,642,921
		44,106,075	43,416,960	41,576,028	40,043,041
Current liabilities					
Trade payables	22	336,448	427,563	–	–
Other payables and accruals	23	1,324,337	1,022,453	327,685	526,100
Other liabilities	24	56,651	325,057	–	–
Liabilities directly associated with assets held for sale	20	–	506,187	–	–
Income tax payable		264,848	246,032	10,300	19,751
		1,982,284	2,527,292	337,985	545,851
Net current assets		42,123,791	40,889,668	41,238,043	39,497,190
Non-current liabilities					
Other payables and accruals	23	–	171,040	–	–
Other liabilities	24	447,289	36,650	–	–
Deferred tax liabilities	10(c)	63,400	112,997	–	–
		510,689	320,687	–	–
Net assets		44,562,511	44,167,268	44,548,007	44,208,226
Equity attributable to owners of the parent					
Share capital	25	76,091,074	76,091,074	76,091,074	76,091,074
Accumulated losses		(31,528,563)	(31,923,806)	(31,543,067)	(31,882,848)
Total equity		44,562,511	44,167,268	44,548,007	44,208,226

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2013

	Share capital (Note 25)	Accumulated losses	Total equity
	$	$	$
Group			
2013			
At 1 July 2012	76,091,074	(31,923,806)	44,167,268
Profit net of tax	–	395,243	395,243
Total comprehensive income for the year	–	395,243	395,243
At 30 June 2013	76,091,074	(31,528,563)	44,562,511
2012			
At 1 July 2011	76,091,074	(31,632,674)	44,458,400
Loss net of tax	–	(291,132)	(291,132)
Total comprehensive loss for the year	–	(291,132)	(291,132)
At 30 June 2012	76,091,074	(31,923,806)	44,167,268

	Share capital (Note 25)	Accumulated losses	Total equity
	$	$	$
Company			
2013			
At 1 July 2012	76,091,074	(31,882,848)	44,208,226
Profit net of tax	–	339,781	339,781
Total comprehensive income for the year	–	339,781	339,781
At 30 June 2013	76,091,074	(31,543,067)	44,548,007
2012			
At 1 July 2011	76,091,074	(34,356,205)	41,734,869
Profit net of tax	–	2,473,357	2,473,357
Total comprehensive income for the year	–	2,473,357	2,473,357
At 30 June 2012	76,091,074	(31,882,848)	44,208,226

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2013

	Note	2013	2012
		$	$
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		529,101	(67,672)
Loss before tax from discontinued operation	11	–	(21,837)
Profit/(loss) before tax, total		529,101	(89,509)
Adjustments for:			
Depreciation of property, plant and equipment	8	1,177,200	1,643,612
Loss/(gain) on disposal of property, plant and equipment, net		231	(61)
Write off of property, plant and equipment	8	–	14,515
Amortisation of intangible assets	14	31,682	22,263
Gain on disposal of assets held for sale		(250,542)	(157,280)
Bad debts written off	8	–	2,720
Impairment loss on property, plant and equipment	8	160,000	904,000
Foreign exchange gain on discontinued operation	11	–	(73,527)
Notional lease income	4	(21,581)	(37,973)
Notional lease expense		42,019	56,620
Notional interest expense	7	22,086	37,830
Notional interest income	6	(44,094)	(57,531)
Interest expense	7	6	150
Interest income	6	(244,975)	(186,062)
Foreign currency translation adjustment		–	39,706
Operating cash flows before working capital changes		1,401,133	2,119,473
Decrease/(increase) in inventories		665	(10,995)
Decrease/(increase) in trade receivables		159,896	(71,577)
(Increase)/decrease in other receivables, deposits and prepayments		(32,939)	125,381
Decrease in trade payables		(88,121)	(2,560)
Increase in other payables and accruals and other liabilities		117,530	22,881
Cash flows from operations		1,558,164	2,182,603
Interest paid		(6)	(150)
Interest received		244,975	186,062
Income tax paid		(164,639)	(157,598)
Net cash flows generated from operating activities		1,638,494	2,210,917
Cash flows from investing activities			
Purchase of property, plant and equipment		(310,320)	(325,036)
Purchase of intangible assets	14	(7,500)	(83,156)
Net cash inflow from disposal of assets held for sale [Note (a)]		2,035,578	2,044,635
Proceeds from disposal of property, plant and equipment		441	575
Loan to a third party		(6,000,000)	(6,000,000)
Net cash flows used in investing activities		(4,281,801)	(4,362,982)
Net decrease in cash and cash equivalents		(2,643,307)	(2,152,065)
Cash and cash equivalents at 1 July		33,964,488	36,116,553
Cash and cash equivalents at 30 June	21	31,321,181	33,964,488

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2013

Note (a)

2012

Disposal of assets held for sale

During the financial year ended 30 June 2012, the Company disposed a vessel which was classified as assets held for sale as at 30 June 2011 (Note 11).

2013

Disposal of assets held for sale

On 28 September 2012, the Company disposed of Whitehouse Holdings Private Limited ("WH"), a wholly owned subsidiary of the Company which was classified as assets held for sale as at 30 June 2012. The disposal consideration was fully settled in cash.

The value of assets and liabilities of WH recorded in the consolidated financial statements as at 28 September 2012, and the cash flow effect of the disposal were:

	$
Property, plant and equipment	1,947,038
Trade receivables	33,800
Cash and cash equivalents	464,422
Prepaid operating expenses	26,188
Deposits	299,438
	2,770,886
Trade payables	27,138
Other payables and accruals	362,786
Other liabilities	50,000
Income tax payable	11,931
Deferred tax liabilities	69,573
	521,428
Carrying value of net assets	2,249,458
Proceeds from disposal of WH	2,500,000
Less: Cash and cash equivalents of WH	(464,422)
Net cash inflow on disposal of WH	2,035,578

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Hartawan Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on Catalist Board.

The registered office and principal place of business of the Company is located at 175A Chin Swee Road, Singapore 169879.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 July 2012. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
FRS 113 *Fair Value Measurement*	1 January 2013
Improvements to FRSs 2012	
– Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: *Investment Entities*	1 January 2014
Amendments to the transition guidance of FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Except for FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 is described below.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented on 1 July 2014.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency

The Group's consolidated financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency:

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.16. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Dismantlement, removal or restoration cost are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment (cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Electrical and office equipment	–	3 to 10 years
Furniture and fittings	–	3 to 10 years
Electrical installations	–	2 to 6 years
Renovations	–	Over the remaining lease term of 0.5 to 8 years
Computers	–	3 years
Leasehold improvement	–	Over lease term of 9 years
Motor vehicles	–	6 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Computer software

The computer software was acquired for hotel operations. It is amortised on a straight line basis over its estimated useful life of 3 years.

An item of intangible assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering the lease period.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.10 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of the financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.11 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the direct materials and other costs incurred in bringing the inventories to their present location and condition are accounted on a first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.15 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Borrowing costs

Borrowing costs are recognised in profit or loss when they are incurred except to the extent that they are capitalised. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Government grants

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss in "Other income" or deducted in reporting the related expenses.

2. Summary of significant accounting policies (cont'd)

2.18 Employee benefits

(a) *Defined contribution plans*

The Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.19 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(a). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Discontinued operation

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2. Summary of significant accounting policies (cont'd)

2.20 Discontinued operation (cont'd)

In profit or loss of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit/(loss) after taxes. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Income from property leasing

Income from property leasing and utility charges received are recognised over the lease term on ongoing leases on a straight-line accrual basis. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) Income from services

Income from services is recognised when the services are rendered.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Hotel income

Income from hotel is recognised when goods are delivered or services are rendered to customers.

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

2. Summary of significant accounting policies (cont'd)

2.25 Related parties (cont'd)

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) <u>Impairment of property, plant and equipment</u>

The Group assesses whether there are any indicators of impairment for property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable.

When value in use calculations are undertaken, management estimates the expected future cash flows of the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of property, plant and equipment are given in Note 13.

3. Significant accounting estimates and judgments (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(b) Provision for reinstatement costs

The Group's properties are leased. The terms of the operating leases require the Group to restore the sites to their original condition upon termination of the leases. The management will review the provisioning of reinstatement cost annually based on the renovation works performed and prior years experience as their best estimates. Further details of provision for reinstatement costs are disclosed in Note 24.

(c) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 0.5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of the Group's property, plant and equipment at 30 June 2013 was $2,592,071 (2012: $3,452,334). The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 13.

3.2 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Operating lease commitments – As lessor

The Group has entered into commercial property leases on its leased property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of the property which is leased out on an operating lease.

(b) Income taxes

Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax payable and deferred tax liabilities in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities as at 30 June 2013 was $264,848 (2012: $246,032) and $63,400 (2012: $112,997) respectively.

4. Revenue

	Group 2013 $	Group 2012 $
Rental income	1,287,334	3,110,515
Hotel income	10,071,629	10,203,655
Utilities income	72,474	283,634
Conservancy charges	3,240	42,240
Notional lease income	21,581	37,973
Others	73,712	55,867
	11,529,970	13,733,884

5. Cost of sales

	Group 2013 $	Group 2012 $
Hotel direct cost of sales	1,102,248	1,853,016
Operating lease expenses	611,319	1,624,728
Notional lease expense	42,019	–
Electricity charges	681,571	307,483
	2,437,157	3,785,227

6. Other income

	Group 2013 $	Group 2012 $
Gain on disposal of assets held for sale	250,542	–
Net foreign exchange gain	1,051	93,333
Insurance claims	6,676	9,938
Notional interest income from deposits	44,094	57,531
Interest income from loans and receivables	244,975	186,062
Bad debts recovered	640	–
Gain on disposal of property, plant and equipment	–	574
Forfeiture of deposit received	–	262,500
Others	48,158	96,196
	596,136	706,134

7. Finance costs

	Group 2013 $	Group 2012 $
Interest expense on:		
Notional interest expense	22,086	37,830
Notional lease expense	–	56,620
Others	6	150
	22,092	94,600

8. Profit/(loss) before tax from continuing operations

The following items have been included in arriving at profit/(loss) before tax from continuing operations:

	Group 2013 $	Group 2012 $
Statutory audit fees paid/payable to:		
- Auditor of the Company	82,500	57,500
Other audit fees paid/payable to:		
- Auditor of the Company	220,000	304,363
Non-audit fees paid/payable to:		
- Auditor of the Company	13,900	22,119
Loss on disposal of property, plant and equipment	231	513
Write off of property, plant and equipment	–	14,515
Depreciation of property, plant and equipment	1,177,200	1,643,612
Amortisation of intangible assets	31,682	22,263
Employee benefits expense (Note 9)4	3,753,844	3,902,221
Bad debts written off	–	2,720
Impairment loss on property, plant and equipment	160,000	904,000
Operating lease expense	1,738,703	2,747,740

9. Employee benefits

	Group 2013 $	Group 2012 $
Employee benefits expense (including directors):		
- Salaries and bonuses	3,238,934	3,418,403
- Short term employee benefits	268,971	224,250
- Central Provident Fund contributions	245,939	259,568
	3,753,844	3,902,221

10. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2013 and 2012 are:

	Group	
	2013	**2012**
	$	$
Consolidated statement of comprehensive income:		
Current income tax:		
- current income tax	264,846	257,962
- over provision in respect of previous years	(81,391)	(132,772)
	183,455	125,190
Deferred income tax [Note10(c)]:		
- origination and reversal of temporary differences	(49,399)	76,433
- over provision in respect of previous years	(198)	–
	(49,597)	76,433
Income tax attributable to continuing operations, representing income tax expense recognised in profit and loss	133,858	201,623

(b) Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 30 June 2013 and 2012 is as follows:

	Group	
	2013	**2012**
	$	$
Profit/(loss) before tax from continuing operations	529,101	(67,672)
Loss before tax from discontinued operation (Note 11)	–	(21,837)
Accounting profit/(loss) before tax	529,101	(89,509)
Singapore statutory tax rate of 17% (2012: 17%)	89,947	(15,217)
Adjustments:		
Non-deductible expenses	260,904	556,656
Income not subject to taxation	(73,788)	(107,045)
Effect of partial tax exemption and tax relief	(80,257)	(102,754)
Deferred tax assets not recognised	17,239	–
Over provision in respect of previous years		
- current income tax	(81,391)	(132,772)
- deferred tax	(198)	–
Others	1,402	2,755
Income tax expense recognised in profit or loss	133,858	201,623

10. Income tax expense (cont'd)

(b) Relationship between tax expense and accounting profit/(loss) (cont'd)

Unrecognised tax losses and deductible temporary differences

At the end of the reporting period, the Group has unused tax losses and deductible temporary differences of approximately $67,000 (2012: $Nil) and $35,000 (2012: $Nil), that are available for offset against future taxable profits of the companies in which the unused tax losses and deductible temporary differences arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the relevant provisions of the Singapore Income Tax Act, Cap. 134 and agreement by the Comptroller of Income Tax.

(c) Deferred income tax

	Group			
	Balance sheet		Statement of comprehensive income	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Deferred tax liabilities				
Differences in depreciation	63,400	112,997	(49,597)	76,433

11. Discontinued operation

In the previous financial year, the Group has exited the ship chartering business.

Consolidated statement of comprehensive income

The results of ship chartering business for the years ended 30 June 2013 and 2012 are as follows:

	Group	
	2013	**2012**
	$	$
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Other income	–	230,807
Administrative expenses	–	(782)
Other operating expenses	–	(251,862)
Loss from discontinued operation	–	(21,837)
Finance costs	–	–
Loss before tax from discontinued operation	–	(21,837)
Income tax expense	–	–
Loss from discontinued operation, net of tax	–	(21,837)

11. Discontinued operation (cont'd)

Other income

	Group 2013 $	Group 2012 $
Gain on disposal of assets held for sale	–	157,280
Foreign exchange gain on discontinued operation	–	73,527
	–	230,807

Cash flow statement

The cash flows attributable to ship chartering business are as follows:

	Group 2013 $	Group 2012 $
Operating	–	(2,106,180)
Investing	–	2,044,635
Net cash outflows	–	(61,545)

12. Earnings/(loss) per share

(a) Continuing operations

Basic earnings/(loss) per share amounts are calculated by dividing earnings/(loss) for the year from continuing operations, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share amounts are calculated by dividing earnings/(loss) for the year from continuing operations, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

12. Earnings/(loss) per share (cont'd)

(a) Continuing operations (cont'd)

The following tables reflects the profit/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the years ended 30 June 2013 and 2012:

	Group	
	2013	**2012**
	$	$
Profit/(loss) net of tax attributable to owners of the parent	395,243	(291,132)
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	–	21,837
Profit/(loss) net of tax from continuing operations attributable to owners of the parent used in the computation of basic and diluted earnings per share	395,243	(269,295)

	Group	
	No. of shares	**No. of shares**
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	812,139	812,139
Weighted average number of ordinary shares for diluted earnings per share computation	812,139	812,139

(b) Discontinued operation

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares. These loss and share data are presented above in caption (a) of this note.

13. Property, plant and equipment

Group	Motor vehicle	Electrical and office equipment	Furniture and fittings	Electrical installations	Renovations	Computers	Leasehold improve-ment	Total
	$	$	$	$	$	$	$	$
Cost								
At 1 July 2011	–	1,003,101	1,501,184	692,224	15,864,827	153,533	2,000,225	21,215,094
Additions	–	10,926	132,418	125,383	56,799	13,510	–	339,036
Write off	–	(123,886)	(181,265)	(34,296)	(247,838)	–	–	(587,285)
Disposals	–	(4,949)	–	–	–	–	–	(4,949)
Reclassification to assets held for sale	–	–	(6,525)	(3,825)	(2,443,385)	–	(1,119,668)	(3,573,403)
Adjustment	–	–	(5,560)	–	–	–	–	(5,560)
At 30 June 2012 / 1 July 2012	–	885,192	1,440,252	779,486	13,230,403	167,043	880,557	17,382,933
Additions	71,910	7,300	91,503	26,461	280,435	–	–	477,609
Disposals	–	(12,948)	–	–	–	–	–	(12,948)
At 30 June 2013	71,910	879,544	1,531,755	805,947	13,510,838	167,043	880,557	17,847,594
Accumulated depreciation and impairment loss								
At 1 July 2011	–	762,349	1,375,077	580,954	9,988,333	143,258	736,586	13,586,557
Charge for the year	–	132,156	87,135	71,823	1,089,888	10,386	252,224	1,643,612
Disposals	–	(4,435)	–	–	–	–	–	(4,435)
Write off	–	(114,378)	(181,046)	(33,758)	(243,588)	–	–	(572,770)
Impairment loss	–	–	–	–	904,000	–	–	904,000
Reclassification to assets held for sale	–	–	(2,834)	(1,287)	(1,097,400)	–	(524,844)	(1,626,365)
At 30 June 2012 / 1 July 2012	–	775,692	1,278,332	617,732	10,641,233	153,644	463,966	13,930,599
Charge for the year	1,997	91,389	105,208	88,297	771,633	6,411	112,265	1,177,200
Disposals	–	(12,276)	–	–	–	–	–	(12,276)
Impairment loss	–	–	–	–	160,000	–	–	160,000
At 30 June 2013	1,997	854,805	1,383,540	706,029	11,572,866	160,055	576,231	15,255,523
Net carrying amount								
At 30 June 2012	–	109,500	161,920	161,754	2,589,170	13,399	416,591	3,452,334
At 30 June 2013	69,913	24,739	148,215	99,918	1,937,972	6,988	304,326	2,592,071

Included within additions for renovation is an amount of $167,289 (2012: $14,000) which relates to provision for reinstatement costs.

The net carrying amount of renovations relating to the provision for reinstatement costs is $252,449 (2012: $164,741).

The adjustments to the property, plant and equipment relate to discounts given by suppliers subsequent to acquisitions.

13. Property, plant and equipment (cont'd)

	Electrical and office equipment $	Furniture and fittings $	Reno-vations $	Computers $	Total $
Company					
Cost					
At 1 July 2011	4,592	900	6,582	77,479	89,553
Additions	–	–	–	1,800	1,800
Write off	(1,200)	–	(5,082)	–	(6,282)
Disposals	(3,392)	(900)	(1,500)	–	(5,792)
At 30 June 2012, 1 July 2012 and 30 June 2013	–	–	–	79,279	79,279
Accumulated depreciation					
At 1 July 2011	4,494	517	4,074	76,413	85,498
Charge for the year	75	45	396	1,466	1,982
Write off	(1,200)	–	(2,970)	–	(4,170)
Disposals	(3,369)	(562)	(1,500)	–	(5,431)
At 30 June 2012/1 July 2012	–	–	–	77,879	77,879
Charge for the year	–	–	–	600	600
At 30 June 2013	–	–	–	78,479	78,479
Net carrying amount					
At 30 June 2012	–	–	–	1,400	1,400
At 30 June 2013	–	–	–	800	800

Impairment testing of property, plant and equipment

During the current financial year, a subsidiary of the Group within the hotel segment carried out a review of the recoverable amount of its property, plant and equipment. An impairment loss of $160,000 (2012: $904,000) was recognised in "Other operating expenses" line item of profit or loss for the financial year ended 30 June 2013. The recoverable amount was determined based on a value in use calculation using cash flow projections approved by the Board and the pre-tax discount rate used was 8% (2012: 8%). The cash flow is derived from the budgeted forecasts and projections for the next 2.6 years, representing the remaining lease term. Key assumptions used include a 1% average increase in room rate, inflation of 5% in FY2014, and an estimated reinstatement cost of $500,000 at the end of the lease term.

14. Intangible assets

	Computer software $
Group	
Cost	
At 1 July 2011	127,928
Additions	83,156
At 30 June 2012 / 1 July 2012	211,084
Additions	7,500
At 30 June 2013	218,584
Accumulated amortisation	
At 1 July 2011	123,050
Amortisation	22,263
At 30 June 2012 / 1 July 2012	145,313
Amortisation	31,682
At 30 June 2013	176,995
Net carrying amount	
At 30 June 2012	65,771
At 30 June 2013	41,589

15. Investment in subsidiaries

	Company 2013 $	Company 2012 $
Shares, at cost	16,738,242	30,328,821
Impairment losses	(13,429,078)	(23,236,296)
Reclassification to assets held for sale	–	(2,383,361)
	3,309,164	4,709,164

15. Investment in subsidiaries (cont'd)

Movement in allowance for impairment losses:

	Company 2013 $	Company 2012 $
At 1 July	23,236,296	28,719,107
Charged to profit or loss	1,400,000	3,600,000
Struck off during the year	(11,207,218)	(9,082,811)
At 30 June	13,429,078	23,236,296

Name	Country of incorporation (place of business)	Principal activities	Proportion (%) of ownership interest 2013 %	Proportion (%) of ownership interest 2012 %
Held by the Company				
Whitehouse Holdings Private Limited #	Singapore (Singapore)	Property leasing	–	100
Hartawan Property Management Pte Ltd *	Singapore (Singapore)	Property leasing	100	100
Hartawan Dormitory Management Pte Ltd @	Singapore (Singapore)	Dormant	–	100
Wallich Development Pte Ltd @@	Singapore (Singapore)	Dormant	100	100
Green Mountain Marine Shipping Pte Ltd @	Singapore (People's Republic of China)	Dormant	–	100
Hotel Re! Pte Ltd *	Singapore (Singapore)	Hotel operators	100	100

* Audited by Ernst & Young LLP, Singapore
# Disposed off during the financial year
@ Struck off during the financial year
@@ Struck off on 15 August 2013

Impairment testing of investment in subsidiaries

In the previous financial year, the management performed an impairment test for the investment in subsidiaries and an impairment loss of $1,400,000 (2012: $3,600,000) was recognised for the year ended 30 June 2013. The impairment loss for the current financial year relates to the write-down of one of its subsidiaries, Hotel Re! Pte Ltd, to its recoverable amount which was estimated based on its net assets.

16. Trade receivables

Trade receivables are denominated in Singapore Dollar.

Trade receivables are non-interest bearing and are generally on 14 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to $311,656 (2012: $104,129) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2013	**2012**
	$	$
Trade receivables past due but not impaired:		
Lesser than 30 days	229,994	83,344
30 to 60 days	71,847	15,728
More than 60 days	9,815	5,057
	311,656	104,129

17. Prepaid operating expenses

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Current				
Prepayments	57,521	78,695	10,033	11,308
Prepaid lease expenses	24,318	31,171	–	–
	81,839	109,866	10,033	11,308
Non-current				
Prepayments	7,971	5,901	–	472
Prepaid lease expenses	39,907	2,652	–	–
	47,878	8,553	–	472
Total				
Prepayments	65,492	84,596	10,033	11,780
Prepaid lease expenses	64,225	33,823	–	–
	129,717	118,419	10,033	11,780

18. Other receivables and deposits

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Current				
Deposits	157,453	344,516	250	–
Other receivables	20,482	5,452	19,069	5,451
	177,935	349,968	19,319	5,451
Non-current				
Deposits	267,871	71,629	–	–
	267,871	71,629	–	–
Total				
Deposits	425,324	416,145	250	–
Other receivables	20,482	5,452	19,069	5,451
	445,806	421,597	19,319	5,451

Other receivables

Other receivables of the Group and Company are non-interest bearing and are carried at net of provision of RMB55 million or $11 million equivalent (2012: RMB55 million or $11 million equivalent) owing from a third party. The impairment arose from directors' assessment of the uncertainty of recovery from this third party.

19. Loan receivable

The Company had, on 29 October 2011, entered into a conditional Sale and Purchase Agreement with Mr Wijaya Lawrence and Mr Ngiam Mia Je Patrick (the "Vendors") and Wilton Resources Holdings Pte. Ltd. ("Wilton" or the "Borrower"), a Singapore-incorporated investment holding company. Pursuant to the Sale and Purchase Agreement, the Company has agreed to acquire and the Vendors have agreed to sell, the entire issued and paid-up share capital of Wilton for a purchase consideration of $300,000,000 (the "Proposed Acquisition"). The Sale and Purchase Agreement is varied by the supplemental agreements dated 31 July 2012, 28 February 2013 and 1 July 2013 (collectively, the "S&P Agreements"). Pursuant to a restructuring exercise that will be undertaken for the Proposed Acquisition, Wilton will become a gold mining group that owns two concession blocks in West Java, Indonesia (the "Concession Blocks").

Contemporaneous with the signing of the S&P Agreements, the Company entered into a convertible loan agreement with Wilton for a convertible loan of up to $12,000,000. The convertible loan is to be advanced by the Company to Wilton in two equal tranches of $6,000,000 each. The convertible loan agreement is amended and varied by supplemental agreements dated 12 March 2012, 17 April 2012, 31 July 2012 and 1 July 2013 (collectively, the "Convertible Loan Agreements"). P.T. Wilton Investment was included as a party to the Convertible Loan Agreements.

19. Loan receivable (cont'd)

As stipulated in the Convertible Loan Agreements, Wilton shall extend the convertible loan to P.T. Wilton Wahana Indonesia and P.T. Liektucha Ciemas, two of the related parties of Wilton, to enhance, among other uses, the building of infrastructure for the extraction of gold ore and mining operations, and a floatation plant for the processing and production of gold at the Concession Blocks.

As at the end of the reporting period, Wilton has drawn down an aggregate amount of $12,000,000 (2012: $6,000,000) in two equal tranches of $6,000,000 each. The tranche 1 and tranche 2 loan amounts were drawn down on 3 November 2011 and 14 August 2012 respectively. The convertible loan is non-interest bearing and is denominated in SGD.

The tranche 1 loan amount is secured by way of a personal guarantee by Mr Wijaya Lawrence. In addition, as per the Convertible Loan Agreements, if the Proposed Acquisition under the S&P Agreements is not completed by 31 October 2013 (the "Longstop Date") and the Company has not made any election to require the Borrower to repay the loan, the Company may, but shall not be obliged to, at any time and from time to time during the Conversion Period (as defined below), convert the whole of the outstanding convertible loan into the corresponding number of Conversion Shares (as defined below).

"Conversion Shares" means upon conversion of the convertible loan, such number of new shares, representing 10% of the enlarged share capital of either Wilton (where the restructuring exercise of Wilton, P.T. Wilton Investment, P.T. Wilton Wahana Indonesia and P.T. Liektucha Ciemas is completed (collectively, the "Target Group")) or P.T. Wilton Investment (where only the restructuring of P.T. Wilton Investment, P.T. Wilton Wahana Indonesia and P.T. Liektucha Ciemas is completed), immediately after conversion of the convertible loan, to be issued and credited as fully paid-up upon conversion.

"Conversion Period" means 30 days after the Longstop Date.

Fair value of the conversion option

On initial recognition, the fair value of the conversion option is measured in accordance with the accounting policy set out in Note 2.10, with the loan treated as a residual amount.

At the end of the reporting period, management has determined that the fair value of the conversion option is negligible. Accordingly, the loan is carried at $12,000,000 (2012: $6,000,000) which represents the residual amount.

20. Assets held for sale and liabilities directly associated with assets held for sale

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Assets held for sale	–	2,701,495	–	2,383,361
Liabilities directly associated with assets held for sale	–	506,187	–	–

20. Assets held for sale and liabilities directly associated with assets held for sale (cont'd)

Investments - Whitehouse Holdings Private Limited ("WH")

The Group had on 25 September 2012 entered into a sale and purchase agreement for the disposal of its 100% equity interest in one of its wholly-owned subsidiaries, Whitehouse Holdings Private Limited, for a cash consideration of $2,500,000. The disposal was completed on 28 September 2012.

WH is involved in property leasing business and has a leased property in Singapore.

Carrying value of major classes of assets and liabilities of WH classified as held for sale as at 30 June are as follows:

	Group	
	2013	**2012**
	$	$
Assets:		
Non-current assets		
Property, plant and equipment	–	1,947,038
Prepaid operating expenses	–	5,753
Deposits	–	256,480
Current assets		
Trade receivables	–	217,779
Deposits	–	39,167
Prepaid operating expenses	–	24,719
Cash and cash equivalents	–	210,559
Assets held for sale	–	2,701,495
Liabilities:		
Non-current liabilities		
Other payables and accruals	–	308,961
Other liabilities	–	56,424
Deferred tax liabilities	–	69,573
Current liabilities		
Trade payables	–	24,144
Other liabilities	–	25,694
Other payables and accruals	–	9,460
Income tax payable	–	11,931
Liabilities directly associated with assets held for sale	–	506,187

21. Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Fixed deposits	8,000,000	24,018,707	8,000,000	24,018,707
Cash at banks and on hand	23,321,181	9,735,222	21,546,676	7,624,214
	31,321,181	33,753,929	29,546,676	31,642,921

For the purpose of consolidated cash flow statement, cash and cash equivalent comprise the following at the end of the reporting period:

	Group	
	2013	2012
	$	$
Cash and bank balances (as above)	31,321,181	33,753,929
Add: Cash and cash equivalents of WH classified as assets held for sale (Note 20)	–	210,559
Cash and cash equivalents per consolidated cash flow statement	31,321,181	33,964,488

Cash and cash equivalents denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
United States Dollar	8,583	47,589	8,583	46,593

Fixed deposits bear interest ranging from 0.05% to 2.00% (2012: 0.30% to 1.20%) per annum and are made for period of 3 months (2012: 3 months).

22. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade payables denominated in foreign currencies as at 30 June are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Australian Dollar	206	–	–	–
United States Dollar	773	–	–	–
Renminbi	–	47,197	–	–

23. Other payables and accruals

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Current				
Other payables	87,865	84,018	82,085	81,862
Deposits received	630,224	271,152	–	–
Accruals	606,248	667,283	245,600	444,238
	1,324,337	1,022,453	327,685	526,100
Non-current				
Deposits received	–	171,040	–	–
	–	171,040	–	–
Total				
Other payables	87,865	84,018	82,085	81,862
Deposits received	630,224	442,192	–	–
Accruals	606,248	667,283	245,600	444,238
	1,324,337	1,193,493	327,685	526,100

Other payables

These amounts are non-interest bearing and have an average payment term of 12 months.

Deposits received

Deposits received refer to the security deposits placed by the tenants with the Group for entering into operating leases for the Group's leased properties. These properties have lease terms of up to 6 months.

Included in deposits received is an amount of $441,666 (2012: $271,152) which is non-refundable.

24. Other liabilities

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Current				
Deferred income	–	7,758	–	–
Provision for reinstatement costs	50,000	300,000	–	–
Lease income received in advance	6,651	17,299	–	–
	56,651	325,057	–	–
Non-current				
Provision for reinstatement costs	447,289	30,000	–	–
Lease income received in advance	–	6,650	–	–
	447,289	36,650	–	–
Total				
Deferred income	–	7,758	–	–
Provision for reinstatement costs	497,289	330,000	–	–
Lease income received in advance	6,651	23,949	–	–
	503,940	361,707	–	–

Deferred income

Deferred income refers to rental income received in advance of the commencement of rent. Deferred income is recognised in profit or loss when the services are rendered.

Provision for reinstatement costs

	Group	
	2013	2012
	$	$
At 1 July	330,000	361,000
Arose during the financial year	167,289	44,000
Utilised	–	(10,149)
Unused amount reversed	–	(14,851)
Reclassified to assets held for sale	–	(50,000)
At 30 June	497,289	330,000

25. Share capital

	Group and Company			
	2013		2012	
	No. of Shares	$	No. of shares	$
Issued and fully paid:				
At 1 July and 30 June	812,139,411	76,091,074*	812,139,411	76,091,074*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

* This amount differs from the Accounting and Corporate Regulatory Authority's record due to a difference arising from payment of $0.03 for each warrant received less related expenses.

26. Significant related party transactions

(a) Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	Group	
	2013	2012
	$	$
Income from services rendered to companies of which a director has interest	7,656	6,026

(b) Compensation of key management personnel

	Group	
	2013	2012
	$	$
Salaries and bonuses	957,573	987,146
Short term employee benefits	129,100	136,418
Central Provident Fund contributions	43,401	49,086
Directors' fees	180,000	140,000
	1,310,074	1,312,650
Comprise amounts paid to:		
Directors of the Company	1,035,475	993,166
Other key management personnel	274,599	319,484
	1,310,074	1,312,650

27. Commitments and contingencies

(a) Operating lease commitments

Group as lessee

The Group has entered into commercial property leases for the purposes of sub-letting them as part of the property leasing business. These non-cancellable leases have remaining lease terms of between 0.5 and 3.2 years.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 June 2013 amounted to $1,738,703 (2012: $2,747,740).

Future minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2013	**2012**
	$	$
Within one year	1,433,972	2,216,315
After one year but not more than five years	2,315,907	440,238
	3,749,879	2,656,553

Group as lessor

The Group has entered into commercial property leases on its leased properties. These non-cancellable agreements have remaining lease terms of up to 6 months.

Future rental income receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2013	**2012**
	$	$
Within one year	279,640	2,786,091
After one year but not more than five years	–	785,318
	279,640	3,571,409

28. Fair values of financial instruments

(a) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Trade receivables (Note 16), other receivables and deposits - current (Note 18), loan receivable (Note 19), cash and cash equivalents (Note 21), trade payables (Note 22), other payables and accruals - current (Note 23)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature.

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and where carrying amounts are not reasonable approximation of fair value are as follows:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Group				
Financial asset:				
Deposits	267,871	232,089	71,629	64,502
Financial liability:				
Deposits received	–	–	171,040	154,022
Company				
Financial asset:				
Deposits	–	–	–	–
Financial liability:				
Deposits received	–	–	–	–

28. Fair values of financial instruments (cont'd)

Classification of financial instruments

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Financial assets				
Trade receivables	475,789	451,706	–	–
Deposits	425,324	416,145	250	–
Other receivables	20,482	5,452	19,069	5,451
Loan receivable	12,000,000	6,000,000	12,000,000	6,000,000
Cash and cash equivalents	31,321,181	33,753,929	29,546,676	31,642,921
Total loans and receivables	44,242,776	40,627,232	41,565,995	37,648,372
Financial liabilities				
Trade payables	336,448	427,563	–	–
Other payables	87,865	84,018	82,085	81,862
Deposits received	188,558	171,040	–	–
Accruals	606,248	667,283	245,600	444,238
Total financial liabilities carried at amortised cost	1,219,119	1,349,904	327,685	526,100

29. Financial risk management objectives and policies

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk and market price risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Financial Controller. The audit committee provides independent oversight to the effectiveness of the risk management process. The Group does not trade in derivative financial instruments.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Liquidity risk

Liquidity risk is the risk that the Group and/or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group and Company monitor and maintain a level of cash and cash equivalents, deemed adequate by management to finance the Group's and Company's operations and mitigate the effects of fluctuations in cash flows. Short term funding is obtained from short term bank loans and overdraft facilities.

29. Financial risk management objectives and policies (cont'd)

(a) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

	2013			2012		
	1 year or less	1 to 5 years	Total	1 year or less	1 to 5 years	Total
	$	$	$	$	$	$
Group						
Financial assets:						
Trade receivables	475,789	–	475,789	451,706	–	451,706
Deposits	159,470	330,684	490,154	370,667	81,744	452,411
Other receivables	20,482	–	20,482	5,452	–	5,452
Loan receivable	12,000,000	–	12,000,000	6,000,000	–	6,000,000
Cash and cash equivalents	31,321,181	–	31,321,181	33,753,929	–	33,753,929
Total undiscounted financial assets	43,976,922	330,684	44,307,606	40,581,754	81,744	40,663,498
Financial liabilities:						
Trade payables	(336,448)	–	(336,448)	(427,563)	–	(427,563)
Other payables	(87,865)	–	(87,865)	(84,018)	–	(84,018)
Deposits received	(195,776)	–	(195,776)	–	(195,776)	(195,776)
Accruals	(606,248)	–	(606,248)	(667,283)	–	(667,283)
Total undiscounted financial liabilities	(1,226,337)	–	(1,226,337)	(1,178,864)	(195,776)	(1,374,640)
Total net undiscounted financial assets/ (liabilities)	42,750,585	330,684	43,081,269	39,402,890	(114,032)	39,288,858

29. Financial risk management objectives and policies (cont'd)

(a) Liquidity risk (cont'd)

	2013	2012
	$	$
	1 year or less	
Company		
Financial assets:		
Deposits	250	–
Other receivables	19,069	5,451
Loan receivable	12,000,000	6,000,000
Cash and cash equivalents	29,546,676	31,642,921
Total undiscounted financial assets	41,565,995	37,648,372
Financial liabilities:		
Other payables	(82,085)	(81,862)
Accruals	(245,600)	(444,238)
Total undiscounted financial liabilities	(327,685)	(526,100)
Total net undiscounted financial assets	41,238,310	37,122,272

(c) Credit risk

Credit risk arising from the inability of a counterparty to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group. Credit risk is minimised and monitored through strictly limiting the Group's association to customers with high credit worthiness. Trade receivables are monitored on an ongoing basis and doubtful debts are provided based on expected collectibility.

The Group does not have significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Credit risk, or the risk of counterparties defaulting, is managed through the application of credit approvals, credit limits and debt monitoring procedures. Where appropriate, the Company or its subsidiaries obtain guarantees from the customer or arrange netting agreements. Cash terms and advance payments are required for customers of lower credit standing.

The extent of the Group's and Company's credit exposure is represented by the aggregate carrying amount of cash and cash equivalents, trade and other receivables and loan receivables.

29. Financial risk management objectives and policies (cont'd)

(c) *Credit risk (cont'd)*

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2013		2012	
	$	% of total	$	% of total
By country:				
Singapore	475,789	100.00	451,706	100.00
By industry sectors:				
Property leasing	79,006	16.61	36,218	8.02
Hotel	396,783	83.39	415,488	91.98
	475,789	100.00	451,706	100.00

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(d) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group does not have any exposure to equity price risk.

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2013 and 30 June 2012.

Net debt relates to loan and borrowings. Capital includes equity attributable to the equity holders of the parent. The Group does not have any loan and borrowings for the financial years ended 30 June 2013 and 2012. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

31. Segment information

Reporting format

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(i) The property leasing segment is involved in the leasing of office and other spaces leased by the Group.

(ii) The hotel segment relates to hotel management.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, loans and borrowings and related expenses.

31. Segment information (cont'd)

	Continuing operations			Discontinued operation	Total operations
	Property leasing	**Hotel**	**Total**	**Shipping**	**Total**
	$	$	$	$	$
2013					
Revenue and expenses					
Segment revenue					
Sales to external customers	1,372,425	10,157,545	11,529,970	–	11,529,970
Segment results	(293,253)	844,446	551,193	–	551,193
Profit from operations			551,193	–	551,193
Finance costs			(22,092)	–	(22,092)
Profit before tax			529,101	–	529,101
Income tax expense			(133,858)	–	(133,858)
Profit net of tax			395,243	–	395,243
Assets and liabilities					
Segment assets	42,368,090	4,687,394	47,055,484	–	47,055,484
Total assets			47,055,484	–	47,055,484
Segment liabilities	627,830	1,536,895	2,164,725	–	2,164,725
Unallocated liabilities			328,248	–	328,248
Total liabilities			2,492,973	–	2,492,973
Other segment information:					
Capital expenditure					
- Tangible assets	–	310,320	310,320	–	310,320
- Intangible assets	–	7,500	7,500	–	7,500
Depreciation of property, plant and equipment	128,046	1,049,154	1,177,200	–	1,177,200
Amortisation of intangible assets	–	31,682	31,682	–	31,682
Gain on disposal of assets held for sale	(250,542)	–	(250,542)	–	(250,542)
Impairment loss on property, plant and equipment	–	160,000	160,000	–	160,000

31. Segment information (cont'd)

	Continuing operations			Discontinued operation	Total operations
	Property leasing	Hotel	Total	Shipping	Total
	$	$	$	$	$
2012					
Revenue and expenses					
Segment revenue					
Sales to external customers	3,424,389	10,309,495	13,733,884	–	13,733,884
Segment results	(548,407)	575,335	26,928	(21,837)	5,091
Loss from operations			26,928	(21,837)	5,091
Finance costs			(94,600)	–	(94,600)
Loss before tax			(67,672)	(21,837)	(89,509)
Income tax expense			(201,623)	–	(201,623)
Loss net of tax			(269,295)	(21,837)	(291,132)
Assets and liabilities					
Segment assets	41,393,662	5,621,585	47,015,247	–	47,015,247
Total assets			47,015,247	–	47,015,247
Segment liabilities	1,280,866	1,208,084	2,488,950	–	2,488,950
Unallocated liabilities			359,029	–	359,029
Total liabilities			2,847,979	–	2,847,979
Other segment information:					
Capital expenditure					
- Tangible assets	32,875	292,161	325,036	–	325,036
- Intangible assets	–	83,156	83,156	–	83,156
Depreciation of property, plant and equipment	579,332	1,064,280	1,643,612	–	1,643,612
Amortisation of intangible assets	–	22,263	22,263	–	22,263
Bad debts written off	–	2,720	2,720	–	2,720
Gain on disposal of assets held for sale	(157,280)	–	(157,280)	–	(157,280)
Foreign exchange gain on discontinued operation	–	–	–	(73,527)	(73,527)
Impairment loss on property, plant and equipment	–	904,000	904,000	–	904,000

32. Event occuring after the reporting period

On 27 September 2013, the Company has announced that the Company has despatched a circular in relation to the following to shareholders of the Company:

(i) the proposed acquisition of the entire issued and paid up share capital of Wilton for the purchase consideration of $300 million;

(ii) the proposed consolidation of every 12 existing shares into 10 consolidated shares;

(iii) the proposed allotment and issuance of 1,500,000,000 consideration shares to the Vendors and/or their designated holders in satisfaction of the purchase consideration;

(iv) the proposed whitewash resolution for the waiver by independent shareholders of their right to receive a mandatory general offer from the Vendors and/or their concert parties;

(v) the proposed put option as an interested party transaction;

(vi) the proposed allotment and issuance of advisory shares;

(vii) the proposed change of name of the Company from “Hartawan Holdings Limited” to “Wilton Resources Corporation Limited”;

(viii) the proposed change of core business of the Group to the business of the Target Group; and

(ix) the appointment of the proposed directors upon completion.

Pursuant to the S&P Agreements, following the completion of the Proposed Acquisition (subject to shareholders’ approval), the core business of the Group will be that of the Target Group, which is in gold mining.

33. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 28 September 2013.

STATISTICS OF SHAREHOLDINGS

AS AT 18 SEPTEMBER 2013

Number of shares : **812,139,411**
Class of shares : **Ordinary share**
Voting rights : **One vote per share**
Number of treasury shares : **Nil**

SUBSTANTIAL SHAREHOLDERS

	Direct interests		Deemed interests	
	No. of shares	**%**	**No. of shares**	**%**
DBSN Services Pte Ltd [1]	185,897,411	22.89	-	-
Winstedt Chong Thim Pheng [1]	1,663,000	0.20	185,897,411	22.89
Cynthia Tan Kwee Hiang [2]	-	-	187,560,411	23.09
Lian Seng Investment Pte Ltd [3]	82,138,815	10.11	-	-
Chua Leong Hai @ Chua Leang Hai [3]	22,373,000	2.75	82,917,815	10.21
Chow Bon Tong	61,200,000	7.54	-	-

Notes:

(1) Winstedt Chong Thim Pheng has a deemed interest in the 185,897,411 shares registered in the name of DBSN Services Pte Ltd.

(2) Cynthia Tan Kwee Hiang has a deemed interest in the 1,663,000 shares registered in the name of her spouse, Winstedt Chong Thim Pheng and 185,897,411 shares registered in the name of DBSN Services Pte Ltd.

(3) Chua Leong Hai @ Chua Leang Hai has a deemed interest in the 82,138,815 shares registered in the name of Lian Seng Investment Pte Ltd ("LSI") by virtue that he is a director and shareholder of LSI, and 779,000 shares registered in the name of BNP Paribas Nominees Singapore Pte Ltd.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	93	9.41	3,703	0.00
1,000 - 10,000	201	20.34	1,122,845	0.14
10,001 - 1,000,000	643	65.08	80,960,310	9.97
1,000,001 AND ABOVE	51	5.16	730,052,553	89.89
TOTAL	**988**	**100.00**	**812,139,411**	**100.00**

STATISTICS OF SHAREHOLDINGS

AS AT 18 SEPTEMBER 2013

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBSN SERVICES PTE LTD	185,897,411	22.89
2	LIAN SENG INVESTMENT PTE LTD	82,138,815	10.11
3	CHOW BON TONG	61,200,000	7.54
4	CITIBANK NOMINEES SINGAPORE PTE LTD	35,460,000	4.37
5	LIM TZE JONG	30,533,000	3.76
6	LI JICHENG	29,120,000	3.59
7	CHEONG CHOONG KONG	28,125,000	3.46
8	MAYBANK KIM ENG SECURITIES PTE LTD	25,571,060	3.15
9	UOB KAY HIAN PTE LTD	24,924,750	3.07
10	CHUA LEONG HAI @ CHUA LEANG HAI	22,373,000	2.75
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	22,077,250	2.72
12	TAN LIM HUI	19,500,337	2.40
13	PHILLIP SECURITIES PTE LTD	15,632,690	1.92
14	OCBC SECURITIES PRIVATE LTD	15,131,990	1.86
15	HSBC (SINGAPORE) NOMINEES PTE LTD	12,858,000	1.58
16	LUM TUCK SENG	10,490,000	1.29
17	HOU RUIQUAN	8,472,500	1.04
18	HENG SEOW KHENG	7,866,000	0.97
19	TAN CHONG HUAT	7,750,000	0.95
20	SIM LYE HENG	7,000,000	0.86
	TOTAL	**652,121,803**	**80.28**

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 18 September 2013, approximately 54.54% of the total number of issued ordinary shares of the Company (excluding treasury shares) is held by the public and therefore Rule 723 of the SGX-ST Listing Manual – Section B: Rules of Catalist is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hartawan Holdings Limited (the "Company") will be held at Hotel Re! @ Pearl's Hill, Re!Joice, 175A Chin Swee Road, Singapore 169879 on 28 October 2013 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the financial year ended 30 June 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Company's Articles of Association:

   Ms Tan Kwee Hiang **(Resolution 2)**
   Mr Wong Kok Hoe **(Resolution 3)**
   Mr Tan Sin Huat, Dennis **(Resolution 4)**

   [See Explanatory Note (i)]

3. To pass the following resolution:

   "That, pursuant to Section 153(6) of the Companies Act, Cap. 50, Dr Tan Eng Liang be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting."

   [See Explanatory Note (ii)] **(Resolution 5)**

4. To approve the payment of Directors' fees of S$180,000 for the financial year ending 30 June 2014, to be paid quarterly in arrears. (2012: S$180,000) **(Resolution 6)**

5. To approve the payment of additional Directors' fees to the Independent Directors and Non-Executive Directors amounting to S$220,000 upon completion of the proposed acquisition of Wilton Resources Holdings Pte. Ltd.

   [See Explanatory Note (iii)] **(Resolution 7)**

6. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual - Section B: Rules of Catalist**

NOTICE OF ANNUAL GENERAL MEETING

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the SGX-ST Listing Manual-Section B: Rules of Catalist, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

(the "***Share Issue Mandate***")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual-Section B: Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iv)] **(Resolution 9)**

9. **Authority to issue shares under the Hartawan Employee Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the Hartawan Employee Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issue shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)] **(Resolution 10)**

By Order of the Board

Chew Kok Liang
Company Secretary
Singapore, 10 October 2013

Explanatory Notes:

(i) Ms Tan Kwee Hiang will, upon re-election as a Director, remain as Executive Director.

Mr Wong Kok Hoe will, upon re-election as Director, remain as Non-Executive Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered non-independent pursuant to Rule 704 of the SGX-ST Listing Manual – Section B: Rules of Catalist.

Mr Tan Sin Huat, Dennis will, upon re-election as Director, remain as Non-Executive Director and will be considered non-independent pursuant to Rule 704(7) of the SGX-ST Listing Manual – Section B: Rules of Catalist.

(ii) The effect of the Ordinary Resolution 5 above, is to re-appoint a director of the company who is over 70 years of age. Dr Tan Eng Liang will, upon re-appointment as Director, remain as Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee and will be considered independent pursuant to Rule 704(7) of the SGX-ST Listing Manual - Section B: Rules of Catalist.

NOTICE OF ANNUAL GENERAL MEETING

(iii) In view of the additional work done outside the scope of the ordinary duties of a director which required significant input and additional time from them, including but not limited to the following (i) the additional work done to restructure the business of the Group and sale of non-core businesses/assets and (ii) the additional work done during the past 2 years in relation to the Reverse Take Over relating to the acquisition of Wilton Resources Holdings Pte. Ltd., the Board would like to propose additional Directors' fees amounting to a total amount of S$220,000 to the Non-Executive Directors and Independent Directors in recognition of their significant contributions in the transaction.

(iv) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Companywill be calculated based on the total number of issues shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(v) The Ordinary Resolution 10 above, if passed, will empower the Directors, from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy or proxies must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 175A Chin Swee Road, Singapore 169879 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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HARTAWAN HOLDINGS LIMITED

(Company Registration No. 200300950D)
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Hartawan Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors, who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We*, ... (Name) ....

of ....

being a member/members* of Hartawan Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Hotel Re! @ Pearl's Hill, Re!Joice, 175A Chin Swee Road, Singapore 169879 on Monday, 28 October 2013 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the financial year ended 30 June 2013		
2	Re-election of Ms Tan Kwee Hiang as a Director		
3	Re-election of Mr Wong Kok Hoe as a Director		
4	Re-election of Mr Tan Sin Huat, Dennis as a Director		
5	Re-appointment of Dr Tan Eng Liang as a Director		
6	Approval of Directors' fees amounting to S$180,000 for the financial year ending 30 June 2014 to be paid quarterly in arrears.		
7	Approval of additional Directors' fees to the Independent Directors and Non-Exectuive Directors amounting to S$220,000 upon completion of the proposed acquisition of Wilton Resources Holdings Pte. Ltd.		
8	Re-appointment of Messrs Ernst & Young LLP as Auditor		
9	Authority to allot and issue new shares		
10	Authority to allot and issue new shares under the Hartawan Employee Share Option Scheme		

Dated this .... day of 2013

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

....

Signature of Shareholder(s)

Or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 175A Chin Swee Road Singapore 169879 not later than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

www.hartawanholdings.com.sg

HARTAWAN HOLDINGS LIMITED

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