

HARTAWAN HOLDINGS LIMITED

(Incorporated in Republic of Singapore)

(Co. Reg. No: 200300950D)

This announcement 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 announcement.

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

The contact person for the Sponsor is:

Name: Mr Chia Beng Kwan, Deputy Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd.

Address: 77 Robinson Road #21-02 Singapore 068896

Telephone: (65) 6854-6160

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Three months ended 30 September 2013 S\$'000 (unaudited)	2012 S\$'000 (unaudited) (restated)	Increase / (Decrease) %
Revenue	2,763	3,351	(17.55)
Cost of sales	(478)	(844)	(43.36)
Gross profit	2,285	2,507	(8.86)
Other income	35	324	(89.20)
Administrative expenses	(1,311)	(1,104)	18.75
Other operating expenses	(1,045)	(1,494)	(30.05)
(Loss) / profit from operations	(36)	233	NM
Finance costs	(18)	(24)	(25.00)
(Loss) / profit before tax	(54)	209	NM
Income tax expense	(140)	(63)	122.22
Net (loss) / profit for the period	(194)	146	NM

Statement of Comprehensive Income

	Three months ended 30 September 2013 S\$'000 (unaudited)	2012 S\$'000 (unaudited) (restated)	Increase / (Decrease) %
Net (loss) / profit for the period	(194)	146	NM
Other comprehensive income	-	-	-
Total comprehensive (loss)/ income for the period	(194)	146	NM

Notes to Group income statement

	Three months ended 30 September 2013 S\$'000 (unaudited)	2012 S\$'000 (unaudited) (restated)	Increase/ (Decrease) %
Interest income	23	42	(45.24)
Gain on disposal of assets held for sale	-	250	(100.00)
Depreciation of property, plant and equipment	(268)	(291)	(8.58)
Amortisation of intangible assets	(8)	(8)	-

NM – not meaningful

Comparative figures are restated to conform with current period's presentation

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.13 (unaudited) S\$'000	30.06.13 (audited) S\$'000	30.09.13 (unaudited) S\$'000	30.06.13 (audited) S\$'000
Non-current assets				
Property, plant and equipment	2,324	2,592	1	1
Intangible assets	34	42	-	-
Investment in subsidiaries	-	-	3,309	3,309
Prepaid operating expenses	20	47	-	-
Other receivables and deposits	273	268	-	-
	<u>2,651</u>	<u>2,949</u>	<u>3,310</u>	<u>3,310</u>
Current assets				
Inventories	53	49	-	-
Trade receivables	372	476	-	-
Prepaid operating expenses	204	82	115	10
Other receivables and deposits	177	178	21	19
Loan to a third party	12,000	12,000	12,000	12,000
Cash and cash equivalents	31,777	31,321	28,544	29,547
	<u>44,583</u>	<u>44,106</u>	<u>40,680</u>	<u>41,576</u>
Current liabilities				
Trade payables	413	336	-	-
Other payables and accruals	1,417	1,325	254	328
Other liabilities	60	57	-	-
Provision for taxation	405	265	10	10
	<u>2,295</u>	<u>1,983</u>	<u>264</u>	<u>338</u>
Net current assets	<u>42,288</u>	<u>42,123</u>	<u>40,416</u>	<u>41,238</u>
Non-current liabilities				
Other payables and accruals	41	-	-	-
Other liabilities	467	447	-	-
Deferred tax liabilities	64	64	-	-
	<u>572</u>	<u>511</u>	<u>-</u>	<u>-</u>
Net assets	<u>44,367</u>	<u>44,561</u>	<u>43,726</u>	<u>44,548</u>
Equity				
Share capital	76,091	76,091	76,091	76,091
Accumulated losses	(31,724)	(31,530)	(32,365)	(31,543)
Total shareholders' equity	<u>44,367</u>	<u>44,561</u>	<u>43,726</u>	<u>44,548</u>

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

Amount repayable in one year or less, or on demand

As at 30.09.13		As at 30.06.13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 30.09.13		As at 30.06.13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

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

	Three months ended 30.09.13 (unaudited) S\$'000	Three months ended 30.09.12 (unaudited) (restated) S\$'000
Cash flows from operating activities		
(Loss) / profit before tax	(54)	209
Adjustments for:		
Depreciation of property, plant and equipment	268	291
Amortisation of intangible asset	8	8
Gain on disposal of asset held for sale, net	-	(250)
Notional interest expense	18	8
Notional interest income	(8)	(15)
Notional lease income	(8)	(9)
Notional lease expense	8	15
Interest income	(23)	(42)
Operating cash flows before working capital changes	209	215
Increase in inventories	(3)	(8)
Decrease in trade receivables	104	144
Increase in other receivables, deposits and prepayments	(100)	(72)
Increase in trade payables	77	76
Increase in other payables, accruals and provision	146	74
Cash flows from operations	433	429
Interest received	23	42
Net cash flows generated from operating activities	456	471
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(82)
Purchase of intangible assets	-	(10)
Net cash inflow from disposal of asset held for sale	-	2,036
Loan to a third party	-	(6,000)
Net cash flows used in investing activities	-	(4,056)
Net increase / (decrease) in cash and cash equivalents	456	(3,585)
Cash and cash equivalents at beginning of period	31,321	33,964*
Cash and cash equivalents at end of period	31,777	30,379
Cash and cash equivalents at end comprises of:		
Fixed deposits	8,000	24,019
Cash and bank balances	23,777	6,360
	31,777	30,379

* Inclusive of cash and cash equivalents of Whitehouse Holdings Private Limited amounting to S\$0.21 million which is classified as assets held for sale as at 30 June 2012.

Comparative figures are restated to conform with current period's presentation

- (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to equity holders of the Company		
	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2012	76,091	(31,924)	44,167
Profit net of tax	-	146	146
Total comprehensive income for the period	-	146	146
Balance as at 30 September 2012	76,091	(31,778)	44,313
Balance as at 1 July 2013	76,091	(31,530)	44,561
Loss net of tax	-	(194)	(194)
Total comprehensive loss for the period	-	(194)	(194)
Balance as at 30 September 2013	76,091	(31,724)	44,367

Company	Attributable to equity holders of the Company		
	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2012	76,091	(31,883)	44,208
Profit net of tax	-	89	89
Total comprehensive loss for the period	-	89	89
Balance as at 30 September 2012	76,091	(31,794)	44,297
Balance as at 1 July 2013	76,091	(31,543)	44,548
Loss net of tax	-	(822)	(822)
Total comprehensive loss for the period	-	(822)	(822)
Balance as at 30 September 2013	76,091	(32,365)	43,726

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no change in the Company's share capital since the end of previous period reported on and there were no outstanding convertibles or treasury shares held as at 30 September 2013 and 30 September 2012.

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

	As at 30 September 2013	As at 30 June 2013
Total number of issued shares	812,139,411	812,139,411

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company does not have any treasury shares.

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

The financial statements have not been audited or reviewed by the auditors.

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

Not applicable

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as in the Group's most recently audited financial statements for the financial year ended 30 June 2013 except for the adoption of the new and revised Financial Reporting Standards (FRS) and Interpretation of Financial Reporting Standards (INT FRS) as mentioned in note 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the Amendments to FRS that are effective for annual periods beginning on or after 1 July 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

- (a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	Three months ended 30 September 2013 (unaudited)	30 September 2012 (unaudited)
(Loss) / earnings per share based on weighted average number of ordinary shares (cents)	(0.02)	0.02
Number of ordinary shares ('000)	812,139	812,139

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

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

	Group		Company	
	30.09.13	30.06.13	30.09.13	30.06.13
Number of ordinary shares ('000)	812,139	812,139	812,139	812,139
Net asset value (cents)	5.46	5.49	5.38	5.49

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Continuing Operations

The Group's revenue decreased by S\$0.59 million, from S\$3.35 million for the quarter ended 30 September 2012 ("1Q13") to S\$2.76 million for the quarter ended 30 September 2013 ("1Q14"). The decrease was attributable to a decrease of S\$0.04 million from Hotel Re! @ Pearl's Hill ("Hotel Re!") and S\$0.55 million from the Company's property leasing business.

Gross profit decreased by S\$0.22 million, from S\$2.51 million in 1Q13 to S\$2.29 million in 1Q14. The decrease was mainly attributable to a decrease of S\$0.22 million from the Company's property leasing business.

Other income decreased by S\$0.29 million in 1Q14 from 1Q13 mainly due to the gain of S\$0.25 million from the sale of investment in Whitehouse Holdings Private Limited ("WH") in 1Q13, which did not recur in 1Q14.

Administrative expenses increased by S\$0.21 million in 1Q14 from 1Q13 mainly due to:

- Increase in legal and professional fees of S\$0.37 million in relation to the proposed acquisition of the entire issued and paid-up share capital of Wilton Resources Holdings Pte. Ltd. ("Wilton") by the Company, as set out in the announcement made on 31 October 2011 (*announcement no.00133*); and
- Decrease in payroll related expenses of S\$0.16 million.

Other operating expenses decreased by S\$0.45 million in 1Q14 from 1Q13 mainly to the disposal of WH in 1Q13 and decrease of S\$0.39 million from the hotel business.

Net loss after tax for the period amounted to S\$0.19 million in 1Q14 as compared to a net profit after tax of S\$0.15 million in 1Q13.

Balance Sheet

Property, plant and equipment decreased by S\$0.27 million in 1Q14 due to depreciation expenses.

Other receivables, deposits and prepaid operating expenses increased by S\$0.10 million mainly due to increase in prepayments.

Loan to a third party refers to a convertible loan extended by the Company to Wilton pursuant to a convertible loan agreement dated 29 October 2011, as set out in the announcement dated 31 October 2011 (*announcement no.00133*).

Trade payables, other liabilities, other payables and accruals increased by S\$0.23 million mainly due to:

- Increase in deposits received of S\$0.13 million.
- Increase in trade payables of S\$0.08 million.
- Increase in lease income received in advance of S\$0.01 million.
- Increase in provision for reinstatement of S\$0.01 million.

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

Not applicable.

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

The lease of Hotel Re! is expiring in February 2016. The Group continues to face challenges in hospitality business due to a shortage of manpower, higher manpower cost and increased competition in the industry as more hotels are launched.

In the property leasing business, the Group also faces challenges in passing on the rental increase imposed by the landlord as it does not own the properties.

The Company has entered into a conditional sale and purchase agreement on 29 October 2011 with 2 vendors (the "Vendors") for the proposed acquisition by the Company of the entire issued and paid-up share capital of Wilton for a consideration of S\$300 million (the "Proposed Acquisition"). The circular in relation to the Proposed Acquisition has been despatched to the Company's shareholders on 27 September 2013. At the extraordinary general meeting ("EGM") of the Company held on 21 October 2013, all resolutions relating to the matters as set out in the notice of EGM dated 26 September 2013 were duly approved and passed by the Company's shareholders. As duly announced by the Company on 14 October 2013 (*announcement no. 00127*) (the "Announcement"), the Board of Directors of the Company (the "Board") is consulting the Legal Advisor to the Company on Indonesia Law, and is discussing with the Vendors on if and how Regulation 27/2013 (as defined in the circular to shareholders dated 26 September 2013 in relation to the Proposed Acquisition, the "Circular") will affect the Proposed Restructuring Exercise (as defined in the Circular) and the Proposed Acquisition. The Board will make an update announcement once there is clarity on the impact of Regulation 27/2013 and the status of the application to Ministry of Law and Human Rights by P.T. Wilton Investment and P.T. Wilton Wahana Investment for the completion of the Proposed Restructuring Exercise.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared for the current period.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate from shareholders pursuant to Rule 920.

14. Negative confirmation pursuant to Rule 705(5)

The Board of Directors of Hartawan Holdings Limited (the "Board") confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the interim financial results for the first quarter ended 30 September 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Mr Winstedt Chong
Chairman
28 October 2013