

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

- 1(a)(i) **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.**

Consolidated Statement of Comprehensive Income

	3 months ended 31 March		
	2017	2016	Increase / (Decrease) %
	S\$'000	S\$'000	
Sales	39,410	51,088	(22.9)
Cost of sales	(25,875)	(34,226)	(24.4)
Gross profit	13,535	16,862	(19.7)
Other income	1,175	2,123	(44.7)
Other gains/(losses) – net	2,739	(207)	nm
Expenses			
- Distribution and marketing	(2,205)	(2,575)	(14.4)
- Administrative	(7,043)	(7,433)	(5.2)
- Finance	(1,357)	(1,072)	26.6
- Other	(10)	(192)	(94.8)
Share of profit of			
- joint ventures	1,262	20,860	(94.0)
- associated companies	677	667	1.5
Profit before income tax	8,773	29,033	(69.8)
Income tax expense	(2,012)	(7,043)	(71.4)
Total profit	6,761	21,990	(69.3)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive loss of joint ventures	(75)	(53)	41.5
Currency translation differences arising from consolidation	9,764	1,730	>100
Other comprehensive gain, net of tax	9,689	1,677	>100
Total comprehensive income	16,450	23,667	(30.5)
Total profit attributable to:			
Equity holders of the Company	5,603	16,875	(66.8)
Non-controlling interest	1,158	5,115	(77.4)
	6,761	21,990	(69.3)
Total comprehensive income attributable to:			
Equity holders of the Company	12,246	18,340	(33.2)
Non-controlling interest	4,204	5,327	(21.1)
	16,450	23,667	(30.5)

nm : not meaningful

1(a)(ii) Other profit and loss items disclosure

	3 months ended 31 March		Increase / (Decrease) %
	2017	2016	
	S\$'000	S\$'000	
The following items were credited/(charged) to the income statement:			
<u>Other income</u>			
Interest income from:			
- Bank deposits	626	415	50.8
- Advances to joint ventures	158	883	(82.1)
<u>Cost of sales and administrative expenses</u>			
Depreciation of property, plant and equipment	(2,683)	(2,192)	22.4
Amortisation of intangible assets	(963)	(908)	6.1
Write-off of property, plant and equipment	-	(15)	nm
Write-back of allowance made for impairment loss on trade receivables	7	-	nm
<u>Other gains/(losses) – net</u>			
Currency exchange gains/(losses) - net	2,739	(207)	nm
<u>Finance expenses</u>			
Interest expense for:			
- Bank borrowings	(1,031)	(745)	38.4
- Advances from a non-controlling interest	(326)	(327)	(0.3)
<u>Income tax expense</u>			
(Under)/over provision of income tax in prior financial years - net	(6)	338	nm

nm : not meaningful

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.
Statements of financial position

	Group		Company	
	31.03.2017 S\$'000	31.12.2016 S\$'000	31.03.2017 S\$'000	31.12.2016 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	216,593	209,262	155,751	150,219
Trade and other receivables	30,111	33,265	171,525	170,559
Inventories	312	361	9	9
Development properties	21,984	21,753	-	-
Properties held for sale	124,030	124,030	-	-
	393,030	388,671	327,285	320,787
Non-current assets				
Investments in associated companies	10,641	9,964	696	696
Investments in joint ventures	472,400	465,689	300	300
Investments in subsidiaries	-	-	511,691	511,691
Other receivables	57,781	57,147	491,439	493,192
Investment properties	448,395	446,515	124,922	124,922
Property, plant and equipment	570,033	566,726	308,373	308,502
Intangible assets	135,983	136,388	-	-
Deferred income tax assets	104	100	-	-
	1,695,337	1,682,529	1,437,421	1,439,303
Total assets	2,088,367	2,071,200	1,764,706	1,760,090
LIABILITIES				
Current liabilities				
Trade and other payables	129,097	132,013	14,223	14,011
Current income tax liabilities	6,918	6,299	485	485
Borrowings	159,001	157,008	83,072	80,901
Provisions	623	642	-	-
	295,639	295,962	97,780	95,397
Non-current liabilities				
Other payables	425,835	427,481	633,244	631,805
Deferred income tax liabilities	40,208	39,060	476	476
Borrowings	48,089	46,353	-	-
Provisions	2,069	2,267	-	-
	516,201	515,161	633,720	632,281
Total liabilities	811,840	811,123	731,500	727,678
NET ASSETS	1,276,527	1,260,077	1,033,206	1,032,412
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	475,489	475,489	475,489	475,489
Revaluation and other reserves	323,450	316,807	278,022	278,022
Retained profits	441,918	436,315	279,695	278,901
	1,240,857	1,228,611	1,033,206	1,032,412
Non-controlling interest	35,670	31,466	-	-
TOTAL EQUITY	1,276,527	1,260,077	1,033,206	1,032,412

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

	As at 31.03.2017		As at 31.12.2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand (net of transaction costs)	75,929	83,072	76,107	80,901
Amount repayable after one year (net of transaction costs)	48,089	-	46,353	-

Details of any collaterals

The secured bank borrowings of the Group are secured over certain investment properties and certain property, plant and equipment.

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.
Consolidated Statements of Cash Flows

	3 months ended 31 March	
	2017	2016
	S\$'000	S\$'000
Cash flows from operating activities		
Net profit	6,761	21,990
Adjustments for:		
Income tax expense	2,012	7,043
Depreciation of property, plant and equipment	2,683	2,192
Amortisation of intangible assets	963	908
Write-off of property, plant and equipment	-	15
Interest income	(784)	(1,298)
Interest expense	1,357	1,072
Share of profit of joint ventures	(1,262)	(20,860)
Share of profit of associated companies	(677)	(667)
Unrealised currency translation (gains)/losses	(2,705)	205
	8,348	10,600
Change in working capital:		
Trade and other receivables	3,428	21,967
Inventories	57	13
Development properties	(1,006)	-
Trade and other payables	(4,423)	(8,878)
Provisions	(161)	(1,027)
Cash generated from operations	6,243	22,675
Interest paid	(45)	(45)
Income tax paid - net	(1,046)	(1,681)
Net cash provided by operating activities	5,152	20,949
Cash flows from investing activities		
Additions to property, plant and equipment	(432)	(1,037)
Additions to investment properties	(4,564)	(13,930)
Advances to a joint venture	(17)	-
Advances from a joint venture	-	8,000
Interest received	509	328
Net cash used in investing activities	(4,504)	(6,639)
Cash flows from financing activities		
Proceeds from borrowings	7,001	12,390
Interest paid	(1,159)	(1,436)
Net cash provided by financing activities	5,842	10,954
Net increase in cash and cash equivalents	6,490	25,264
Cash and cash equivalents		
Beginning of financial period	209,262	127,072
Effects of currency translation on cash and cash equivalents	841	152
End of financial period	216,593	152,488

Included in cash and cash equivalents of the Group is the Group's share of its joint operation's bank balances and deposits amounting to \$3,025,000 (31 March 2016: \$3,921,000) held under the development project rules in Singapore and the use of which is governed by these rules.

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

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company						Total	Non-controlling interest	Total equity	
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve				Retained profits
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2017	475,489	10,557	329,261	(20,085)	(2,393)	(533)	436,315	1,228,611	31,466	1,260,077
Profit for the period	-	-	-	-	-	-	5,603	5,603	1,158	6,761
Other comprehensive income for the period	-	-	-	6,643	-	-	-	6,643	3,046	9,689
Total comprehensive income for the period	-	-	-	6,643	-	-	5,603	12,246	4,204	16,450
Balance at 31 March 2017	475,489	10,557	329,261	(13,442)	(2,393)	(533)	441,918	1,240,857	35,670	1,276,527

	Attributable to equity holders of the Company						Total	Non-controlling interest	Total equity	
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve				Retained profits
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2016	457,046	10,557	335,727	(21,569)	(1,807)	(879)	394,901	1,173,976	18,707	1,192,683
Profit for the period	-	-	-	-	-	-	16,875	16,875	5,115	21,990
Other comprehensive income for the period	-	-	-	1,465	-	-	-	1,465	212	1,677
Share of a joint venture's transfer of revaluation gains to retained profits, net of tax	-	-	(1,022)	-	-	-	1,022	-	-	-
Total comprehensive income for the period	-	-	(1,022)	1,465	-	-	17,897	18,340	5,327	23,667
Balance at 31 March 2016	457,046	10,557	334,705	(20,104)	(1,807)	(879)	412,798	1,192,316	24,034	1,216,350

1(d)(i) (continued)

Company's Statement of Changes in Equity

	Share capital	Asset revaluation reserve	Retained profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	475,489	278,022	278,901	1,032,412
Profit for the period	-	-	794	794
Total comprehensive income for the period	-	-	794	794
Balance at 31 March 2017	475,489	278,022	279,695	1,033,206

	Share capital	Asset revaluation reserve	Retained profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	457,046	303,752	294,906	1,055,704
Profit for the period	-	-	1,217	1,217
Total comprehensive income for the period	-	-	1,217	1,217
Balance at 31 March 2016	457,046	303,752	296,123	1,056,921

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	3 months ended	
	31.03.2017	31.12.2016
	'000	'000
<u>Ordinary shares fully paid</u>		
Number of shares at beginning and end of financial period	422,677	422,677

The Company does not have any convertibles.

The Company does not have any treasury shares.

The Company does not have any subsidiary that holds shares issued by the Company.

- 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 31.03.2017	As at 31.12.2016
	'000	'000
Number of issued shares excluding treasury shares	422,677	422,677

The Company does not have any treasury shares.

- 1(d)(iv) A statement showing all sales, transfers, 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.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

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

The figures have not been audited nor reviewed by the Company's auditor.

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

Not applicable. Refer to item 2 above.

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 financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements, except where new or amended Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") became effective from the current financial year.

The adoption of the new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the financial information.

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.

Please refer to item 4 above.

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

	3 months ended 31 March	
	2017 Cents	2016 Cents
Earnings per ordinary share (EPS) for the period based on net profits attributable to shareholders after deducting any provision for preference dividends: -		
(i) Based on weighted average number of ordinary shares in issue	1.33	4.11
(ii) On a fully diluted basis	1.33	4.11

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	
	As at 31.03.2017	As at 31.12.2016	As at 31.03.2017	As at 31.12.2016
Net asset value (NAV) per ordinary share based on total number of issued shares excluding treasury shares as at the end of the period/year	\$ 2.94	\$ 2.91	\$ 2.44	\$ 2.44

The Company does not have any treasury shares.

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.**

(a) Group performance review for the 3-month period ended 31 March 2017 ("Q1 FY17")

Revenue

The revenue of the Group for Q1 FY17 was \$39.4 million, or 22.9% lower than Q1 FY16. The decline was mainly due to end of certain lease agreements in Australia and New Zealand in late 2016 and weaker performance from the two hospitality assets in Perth, Australia. This was partially offset by revenue contribution from the opening of Oasia Suites Kuala Lumpur ("OSKL") in April 2016.

Gross profit

The Group's gross profit for Q1 FY17 was \$13.5 million, or 19.7% lower than Q1 FY16. This was mainly due to the lower revenue as explained above and depreciation expense from OSKL.

Other income

Other income for Q1 FY17 was \$1.2 million, or 44.7% lower than Q1 FY16. This was mainly due to lower interest income from advances to joint venture companies.

Other gains/(losses) – net

The Group's other gains – net comprised mainly currency translation gains (Australian Dollar) arising from monetary assets and liabilities denominated in foreign currencies.

Share of profit of joint ventures

The Group's share of results of joint ventures decreased mainly due to lower contributions from the hospitality joint ventures as a result of the share of a one-off gain on sale of Vibe Hotel Sydney in Q1 FY16.

Income tax expense

Income tax expense of the Group for Q1 FY17 was lower than Q1 FY16 due to higher taxable profit in Q1 FY16 on the realised gain from sale of Vibe Hotel Sydney.

Total profit

Net profit of the Group for Q1 FY17 was \$6.8 million, or 69.3% lower than Q1 FY16 mainly due to lower profits from the hospitality joint ventures and the hospitality assets in Perth, Australia, and higher interest expense from bank borrowings.

(b) Cash flow, working capital, assets or liabilities of the Group

Cash flow and working capital

The Group generated a net increase in cash and cash equivalents for Q1 FY17 of \$6.5 million compared to \$25.3 million in Q1 FY16.

Net cash inflows from operating activities of the Group for Q1 FY17 were \$5.2 million as compared to \$20.9 million for Q1 FY16. The decrease was largely due to lower operating cash flows from the hospitality business in Australia.

Net cash outflows from investing activities of the Group for Q1 FY17 were \$4.5 million as compared to \$6.6 million for Q1 FY16. The cash outflows were mainly for the development of the student accommodation properties in UK. The acquisition of the student accommodation property in Brighton, UK contributed to the higher cash outflows for Q1 FY16.

Net cash inflows from financing activities of the Group for Q1 FY17 were \$5.8 million as compared to net cash inflows of \$11.0 million for Q1 FY16. The higher net cash inflows in Q1 FY16 were largely due to additional bank borrowings for the acquisition of the student accommodation property in Brighton, UK.

Assets

Total assets as at 31 March 2017 were \$2,088.4 million. Compared to 31 December 2016, the total assets increased by \$17.2 million mainly due to the increase in value of the Australia assets as a result of the strengthening of the Australia Dollar against the Singapore Dollar and the development of student accommodation properties during the current period.

8 (continued)

(b) Cash flow, working capital, assets or liabilities of the Group (continued)

Liabilities

Total liabilities as at 31 March 2017 were \$811.8 million which was \$0.7 million higher than 31 December 2016. This was mainly due the drawdown of borrowings to fund the development of student accommodation properties.

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

The results are in line with comments previously disclosed to shareholders.

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.**

Hospitality

Outlook for the hospitality sector in Singapore is likely to remain weak with a challenging operating environment. Revenue per Available Room (RevPAR) is expected to be impacted by further increase in hotel room supply in 2017, strength of the Singapore dollar and weak corporate demand.

In Australia, outlook for the hospitality industry remains positive. Over the next three years, while international visitor trips and domestic visitor nights are forecast to grow at 6.2% and 3.2% per annum respectively¹, the pace of growth is expected to vary amongst the different states that the Group operates in. Capital cities such as Sydney and Melbourne may experience faster growth vis-à-vis Perth and Brisbane. With the sale of Vibe Sydney and increase in supply in Melbourne and Perth, the outlook for the Group remains challenging.

The Group plans to continue to grow its hospitality businesses by increasing the number of management contracts, acquiring strategic assets and divesting properties to recycle capital for re-deployment towards higher yielding growth opportunities.

Property

The Group's joint venture property development projects – RiverTrees Residences and Woods Square are on track. RiverTrees Residences has been fully sold and is expected to obtain its TOP this year. Muted economic growth and supply overhang is anticipated to continue to weigh on the growth of the Singapore residential and commercial property market in the near-term².

In Sydney, Australia, the Group's joint venture with Toga Group for a mixed-use residential and retail/commercial development – Harbourfront Balmain is on track with its development schedule and sales target. It is expected to be completed this year.

Development of the Group's student accommodation properties in Newcastle upon Tyne and Brighton is progressing as planned. In Newcastle upon Tyne, Marshall Court and Bryson Court are expected to be completed this year. Knight Frank forecasts that the value of the UK student accommodation sector will increase from £42.3 billion to £50.0 billion by the end of 2020. The sector is expected to witness continued appetite from global capital and a 2.5% rental growth in 2017.

The Group's first residential project in the UK is progressing as planned. The Group plans to refurbish the heritage property located in the prime central borough of the City of Westminster, London, into a mixed-use development comprising residential accommodation and a restaurant. A new residential building will also be developed on the site. The Group remains confident about the long-term fundamentals of the UK property market and continues to closely monitor developments in the UK as it prepares to leave the European Union.

The Group will continue to seek suitable real estate opportunities that fit its strategy as a diversified real estate group.

¹ Pgs 6 and 7, Tourism and Hotel Market Outlook, Deloitte Access Economics, Feb 2017.

² Pg 4, Singapore Office Q4 2016, Colliers, 7 Feb 2017

Singapore office market improving as supply tapers off: BlackRock, Business Times, 8 Apr 2017
Office Real Estate (Singapore), DBS Group Research, 16 Feb 2017

11 Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, 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 Company had obtained approval for a shareholders' mandate for interested person transactions under Rule 920(1)(a)(ii) as set out in the circular to shareholders dated 24 June 2013.

Name of interested person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)
	3 months ended 31 March 2017 S\$'000
Boo Han Holdings Pte Ltd Hospitality management income	102
Far East Hospitality Real Estate Investment Trust Rental expense on operating leases - offices	(315)
- hotels and serviced residences	(5,354)
Far East Management (Private) Limited Management service fees	(599)
Hospitality services	(540)
Far East Organization Centre Pte Ltd Hospitality management income	517
Far East Soho Pte Ltd Hospitality management income	325
Golden Development Private Limited Hospitality management income	684
Golden Landmark Pte Ltd Hospitality management income	328
Orchard Mall Pte Ltd Hospitality management income	201
Orchard Parksuites Pte Ltd Hospitality management income	370
Oxley Hill Properties Pte Ltd Hospitality management income	143
Serene Land Pte Ltd Hospitality management income	378
Transurban Properties Pte Ltd Hospitality management income	428

By Order of the Board

Mr Lui Chong Chee
Director
25 April 2017

Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of Far East Orchard Limited which may render the unaudited financial statements for the period ended 31 March 2017 to be false or misleading in any material respect.

Confirmation Pursuant to Rule 720(1) of the Listing Manual

Far East Orchard Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

On behalf of the Board of Directors

Koh Boon Hwee
Chairman

25 April 2017

Lui Chong Chee
Group CEO & Managing Director

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