

Unaudited Financial Statements
For First Quarter Ended
31 March 2019

30 April 2019

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TOP GLOBAL LIMITED

Company registration no: 198003719Z

Unaudited Financial Statements for First Quarter for the Period Ended 31 March 2019

PART I – INFORMATION REQUIRED FOR QUARTERLY AND THREE MONTHS ANNOUNCEMENTS

1(a) 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
Period ended 31 March 2019

	The Group		
	First Quarter ended 31 March		Increase/
	2019	2018	(Decrease)
	S$'000	S$'000	%
Revenue	14,392	34,245	(58%)
Cost of sales	(6,410)	(24,916)	(74%)
Gross profit	7,982	9,329	(14%)
Other income			
- Interest	302	299	1%
- Others	90	315	(71%)
Other gains/(losses)			
- Impairment loss on trade receivables	(28)	–	n.m.
- Others	1,242	(331)	n.m.
Expenses			
- Distribution and marketing	(1,154)	(2,036)	(43%)
- Administrative	(6,989)	(6,816)	3%
- Finance	(584)	(537)	9%
Share of loss of joint venture company	–	(14)	n.m.
Profit before income tax	861	209	n.m.
Income tax expense	(160)	(120)	33%
Net profit for the period	701	89	n.m.
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - Gains/(losses)	1,400	(5,684)	n.m.
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - Gains/(losses)	475	(2,728)	n.m.
Other comprehensive income/(loss), net of tax	1,875	(8,412)	n.m.
Total comprehensive income/(loss)	2,576	(8,323)	n.m.
(Loss)/profit attributable to:			
Equity holders of the Company	(908)	(748)	21%
Non-controlling interests	1,609	837	92%
	701	89	n.m.
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	492	(6,886)	n.m.
Non-controlling interests	2,084	(1,437)	n.m.
	2,576	(8,323)	n.m.

n.m. = not meaningful

Notes to Consolidated Statement of Comprehensive Income

	Group		
	First Quarter ended 31 March		Increase/
	2019	2018	(decrease)
	S$'000	S$'000	%
(A) Revenue include:-			
Rental income	216	218	(1%)
Golf and country club	1,985	1,873	6%
Hotel & hostel	1,731	2,943	(41%)
Revenue from development properties	10,440	29,078	(64%)

	Group		
	First Quarter ended 31 March		Increase/
	2019	2018	(decrease)
	S$'000	S$'000	%
(B) Other income include:-			
Interest income	302	198	53%
Late interest penalty	–	101	n.m.

	Group		
	First Quarter ended 31 March		Increase/
	2019	2018	(decrease)
	S$'000	S$'000	%
(C) Other gains/(losses) include:-			
Fair value gains/(losses) on financial assets, at fair value through profit or loss	1,405	(396)	n.m.
Loss on disposal of property, plant and equipment	(135)	(10)	n.m.
Foreign exchange loss	(125)	(56)	n.m.

	Group		
	First Quarter ended 31 March		Increase/
	2019	2018	(decrease)
	S$'000	S$'000	%
(D) Distribution and marketing expenses include:-			
Marketing cost	980	966	1%
Entertainment	31	22	41%
Commission	98	1,044	(91%)

	Group		
	First Quarter ended 31 March		Increase/
	2019	2018	(decrease)
	S$'000	S$'000	%
(E) Administrative expenses include:-			
Legal and professional fee	126	194	(35%)
Employees compensation	4,938	4,311	15%
Depreciation of property, plant and equipment	583	976	(40%)
Depreciation of investment properties	298	165	81%
Travelling expense	210	157	34%
Rental expense	119	198	(40%)
Directors' fees	60	60	–

	Group		
	First Quarter ended 31 March		Increase/
	2019	2017	(decrease)
	S$'000	S$'000	%
(F) Finance expenses include:-			
Interest on bank borrowings	558	537	4%

n.m. = not meaningful

1(b)(i) A Statement of Financial Position (for 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-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	57,371	42,547	29,730	31,737
Financial assets, at fair value through profit or loss	21	17,624	–	–
Trade and other receivables	4,994	4,584	93,157	92,804
Inventories	261	291	–	–
Right-of-use assets	638	–	518	–
Development properties	101,364	99,310	–	–
	164,649	**164,356**	**123,405**	**124,541**
Non-current assets				
Financial assets, at fair value through profit or loss	6,186	4,869	–	–
Financial assets, at fair value through other comprehensive income	3,219	3,219	–	–
Trade and other receivables	5,825	5,763	–	–
Development properties	167,230	166,599	–	–
Investment in joint ventures	*	*	–	–
Investment in subsidiary corporations	–	–	141,152	141,152
Investment properties	54,020	54,235	–	–
Property, plant and equipment	53,981	54,831	42	49
Right-of-use assets	719	–	–	–
Deferred income tax assets	1,534	1,522	–	–
Intangible assets	241	170	–	–
	292,955	**291,208**	**141,194**	**141,201**
Total assets	**457,604**	**455,564**	**264,599**	**265,742**
LIABILITIES				
Current liabilities				
Trade and other payables	38,948	39,737	10,239	9,370
Current income tax liabilities	2,515	2,575	–	–
Borrowings	3,935	4,837	–	–
Lease liabilities	798	109	534	4
Provisions	45	56	–	11
	46,241	**47,314**	**10,773**	**9,385**
Non-current liabilities				
Trade and other payables	1,193	1,185	–	–
Borrowings	13,994	14,136	–	–
Lease liabilities	971	150	4	5
Deferred income tax liabilities	5,608	5,707	–	–
Post-employment benefits	4,560	4,525	–	–
Provisions	764	814	–	–
	27,090	**26,517**	**4**	**5**
Total liabilities	**73,331**	**73,831**	**10,777**	**9,390**
NET ASSETS	**384,273**	**381,733**	**253,822**	**256,352**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	265,667	265,667	265,667	265,667
Treasury shares	(101)	(101)	(101)	(101)
Other reserves	(9,774)	(11,174)	4,914	4,914
Accumulated losses	(724)	220	(16,658)	(14,128)
	255,068	254,612	253,822	256,352
Non-controlling interests	129,205	127,121	–	–
Total equity	**384,273**	**381,733**	**253,822**	**256,352**

*Less than $1,000

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

Amount repayable in one year or less, or on demand

As at 31.03.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
3,935	-	4,837	–

Amount repayable after one year

As at 31.3.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
13,994	-	14,136	–

Details of any collaterals

As at 31 March 2019, the borrowings were secured over land under development properties of S$96 million (31 December 2018: S$95 million).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	First Quarter ended 31 March	
	2019	2018
	S$'000	S$'000
Cash flows from operating activities		
Net profit	701	89
Adjustments for:		
- Income tax expense	160	120
- Depreciation of property, plant and equipment	1,014	1,539
- Depreciation of investment properties	298	165
- Depreciation of right-of-use assets	166	–
- Amortisation of intangible assets	21	–
- Fair value (gain)/loss on financial assets, at FVPL	(1,405)	396
- Loss on disposal of property, plant and equipment	135	10
- Impairment loss on trade and other receivables	28	–
- Share of loss from joint ventures	–	14
- Interest income	(302)	(299)
- Finance expenses	584	537
- Unrealised currency translation losses	235	(190)
Operating cash flow before working capital changes	1,635	2,381
Change in working capital		
- Trade and other receivables	(406)	(11,275)
- Inventories	32	9
- Development properties	(795)	16,293
- Trade and other payables	(872)	(233)
- Post-employment benefits	–	–
- Provisions	(62)	(341)
Cash used in operations	(468)	6,834
- Interest received	241	238
- Income tax paid	(326)	(555)
Net cash (used in)/provided by operating activities	(553)	6,517
Cash flows from investing activities		
- Additions to property, plant and equipment	(177)	(309)
- Proceeds from disposal of financial assets, at FVPL	17,673	–
- Additions to financial assets, at FVPL	–	(1,324)
- Additions to investment properties	(83)	–
Net cash provided by/(used in) investing activities	17,413	(1,633)
Cash flows from financing activities		
- Proceeds from borrowings	1,884	2,706
- Repayment of borrowings	(3,078)	(2,168)
- Repayment of lease liabilities	(200)	(23)
- Interest paid	(584)	(537)
Net cash used in financing activities	(1,978)	(22)
Net increase in cash and cash equivalents	14,882	4,862
Effects of currency translation on cash and cash equivalents	(58)	(241)
Cash and cash equivalents at beginning of the financial period	42,547	40,086
Cash and cash equivalents at end of the period	57,371	44,707
Cash and cash equivalents consists of:		
Cash and bank balances	57,371	44,707
Bank deposit pledged	–	–
	57,371	44,707

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.

	Attributable to Equity holders of the Company										
Group	Share capital S$'000	Treasury shares S$'000	Share option reserve S$'000	Tax amnesty reserve S$'000	General reserve S$'000	Translation reserve S$'000	Fair value reserve S$'000	Retained profit/ (accumulated) losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance as at 31 December 2018 (as previously reported)	265,667	(101)	4,914	60	(51)	(19,236)	3,139	220	254,612	127,121	381,733
Cumulative effects of adopting SFRS(I) 16	–	–	–	–	–	–	–	(36)	(36)	–	(36)
As adjusted at 1 January 2019	265,667	(101)	4,914	60	(51)	(19,236)	3,139	184	254,576	127,121	381,697
Total comprehensive income/(loss) for the period	–	–	–	–	–	1,400	–	(908)	492	2,084	2,576
As at 31 March 2019	**265,667**	**(101)**	**4,914**	**60**	**(51)**	**(17,836)**	**3,139**	**(724)**	**255,068**	**129,205**	**384,273**
Balance as at 31 December 2017 (as previously reported)	265,667	(101)	4,914	63	(51)	(11,267)	10,760	(2,540)	267,445	128,346	395,791
Cumulative effects of adopting SFRS(I)	–	–	–	–	–	–	(7,860)	5,585	(2,275)	–	(2,275)
As adjusted at 1 January 2018	265,667	(101)	4,914	63	(51)	(11,267)	2,900	3,045	265,170	128,346	393,516
Total comprehensive income/(loss) for the period	–	–	–	–	–	(6,138)	–	(748)	(6,886)	(1,437)	(8,323)
As at 31 March 2018	**265,667**	**(101)**	**4,914**	**63**	**(51)**	**(17,405)**	**2,900**	**2,297**	**258,284**	**126,909**	**385,193**

Company	Share capital S$'000	Treasury shares S$'000	Share option reserve S$'000	Retained profits / (accumulated) losses S$'000	Total equity S$'000
Balance as at 31 December 2018 (as previously reported)	265,667	(101)	4,914	(14,128)	256,352
Cumulative effects of adopting SFRS(I) 16	–	–	–	(11)	(11)
As adjusted at 1 January 2019	265,667	(101)	4,914	(14,139)	256,341
Total comprehensive loss for the period	–	–	–	(2,519)	(2,519)
As at 31 March 2019	**265,667**	**(101)**	**4,914**	**(16,658)**	**253,822**
As at 1 January 2018	265,667	(101)	4,914	(5,841)	264,639
Total comprehensive loss for the period	–	–	–	(1,318)	(1,318)
As at 31 March 2018	**265,667**	**(101)**	**4,914**	**(7,159)**	**263,321**

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.

There have been no changes in the issued share capital of the Company since 31 March 2018.

There were 4,165,400 outstanding share options as at 31 March 2019 and 31 March 2018.

The total number of issued ordinary shares as at 31 March 2019 was 321,895,299 (31 March 2018: 321,895,299), of which 514,200 (31 March 2018: 514,200) were held by the Company as treasury shares.

The Company did not have any subsidiary holdings as at 31 March 2019 and 31 March 2018.

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 March 2019	As at 31 December 2018
Total number of issued shares	321,895,299	321,895,299
Less: Treasury shares	(514,200)	(514,200)
Total number of issued shares excluding treasury shares	321,381,099	321,381,099

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. There were no sales, transfers, cancellation and/or use of treasury shares at the end of the current financial period reported on.

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. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's 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 adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those in the most recently audited consolidated financial statements for the year ended 31 December 2018 as well as all applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") that become effective for financial year beginning on or after 1 January 2019. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact to the Group's consolidated financial statements, except as disclosed in Item 5 below.

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.

Adoption of SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new requirements for recognition, measurement and presentation of leases, The standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The cumulative effects of adopting SFRS(I) 16 are as follows:

	As at 1 January 2019		
Statement of financial position	**As previously reported S$'000**	**Effects S$'000**	**Adjusted S$'000**
Group			
Right of use assets	–	1,523	1,523
Trade and other payables	39,737	(148)	39,589
Lease liabilities	259	1,707	1,966
Retained Earnings	220	(36)	184
Company			
Right of use assets	–	637	637
Lease liabilities	9	648	657
Retained Earnings	(14,128)	(11)	(14,139)

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.

(a) Basic earnings/(loss) per share

	The Group	
	First Quarter ended 31 March	
	2019	2018
Net profit/(loss) attributable to equity holders of the Company (S$'000)	(908)	(748)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	321,381	321,381
Basic earnings/(loss) per share (cents)	(0.28)	(0.23)

(b) Diluted earnings/(loss) per share

	The Group	
	First Quarter ended 31 March	
	2019	2018
Net profit/(loss) attributable to equity holders of the Company (S$'000)	(908)	(748)
Weighted average number of ordinary shares outstanding for diluted earnings/(loss) per share ('000)	321,381[#]	321,381[#]
Diluted earnings/(loss) per share (Singapore cents)	(0.28)	(0.23)

[#] *The number of shares arising of exercise of outstanding share options are excluded from the diluted weighted average number of ordinary shares calculation as their effects would have been anti-dilutive*

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year

	The Group		The Company	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
Net asset value ("NAV") (S$'000)	255,068	254,612	253,822	256,352
Number of shares ('000)	321,381	321,381	321,381	321,381
NAV per share (Singapore cents)	79.37	79.22	78.98	79.77

The net assets value per ordinary share was calculated based on the number of shares in issue (excluding treasury shares) of 321,381,099 (31 December 2018: 321,381,099).

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 period reported on.

Review for the performance of the Group for the first quarter ended 31 March 2019 ("1Q2019") as compared to the first quarter ended 31 March 2018 ("1Q2018").

Consolidated Statement of Comprehensive Income

Revenue

Revenue of the Group mainly comprises revenue from property development, hospitality management, facility management, investment and others.

The Group recorded S$14.4 million in revenue for 1Q2019 as compared to S$34.2 million in 1Q2018. The decrease of S$19.8 million in 1Q2019 was mainly due to the following:

i) Decrease revenue from sale of development properties from Braddell project by S$20.5 million; and
ii) Decrease in hospitality revenue by S$1.1 million; and
iii) Decrease in other revenue by S$0.1 million; offset by
iv) Increase revenue from sale of development properties from the Group's subsidiary group in Indonesia, Suryamas Dutamakmur Tbk ("Suryamas") by S$1.9 million.

Cost of sales

Cost of sales mainly comprises land costs, development expenditures, hotel-related depreciation charges and other related expenditures.

Cost of sales decreased to S$6.4 million in 1Q2019 from S$24.9 million in 1Q2018. The decrease in cost of sales of S$18.5 million was mainly due to the following:
i) Decrease in cost of sales for development properties of S$17.8 million due to lower sales; and
ii) Decrease in cost of sales for hospitality business of S$0.7 million.

Gross profit

The Group's gross profit for 1Q2019 decreased by S$1.3 million as compared to 1Q2018 S$9.3 million. However, the gross profit margin in 1Q2019 was higher as compared to 1Q2018 mainly due to higher profit margin obtained from the sale of development properties for 1Q2019 as compared to 1Q2018.

Other income

Other income decreased by S$0.2 million mainly due to lower penalty fees charged to customers.

Other gains/(losses)

Other gains of S$1.2 million in 1Q2019 as opposed to other losses of S$0.3 million in 1Q2018 were mainly due to:
i) Increase in fair value gains on financial assets, fair value through profit or loss amounting to S$1.8 million; offset by
ii) Increase in other losses of S$0.3 million mainly attributable to higher losses recognised on disposal of property, plant and equipment and foreign exchange losses.

Distribution and marketing expenses

Distribution and marketing expenses decreased by $0.9 million mainly due to lower sales commission paid to agents for sales of development properties.

Administrative expenses

Administrative expenses increased by S$0.2 million mainly due to:
i) Increase in employee compensation by S$0.6 million; offset by
ii) Decrease in depreciation of property, plant and equipment amounting to S$0.4 million.

As a result of the above, the Group achieved a net profit of S$0.7 million in 1Q2019 as compared to a net profit of S$0.1 million in 1Q2018.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 March 2019 and 31 December 2018.

Total assets

As of 31 March 2019, the Group's total assets stood at S$457.6 million which was S$2.0 million higher than as at 31 December 2018. The increase was mainly attributable to the following:

(i) Increase in development properties (current and non-current) of S$2.7 million mainly due to strengthening of Indonesia Rupiah against Singapore Dollars; and
(ii) Increase in cash and cash equivalents of S$14.8 million mainly attributable to the proceeds received from sale of financial assets, at FVPL ; and
(iii) Increase in right-of-use assets (current and non-current) by S$1.4 million mainly due to the adoption of SFRS(I) 16 *Leases* which requires previously off-balance sheet leases to be capitalised; and
(iv) Increase in others assets by $0.2 million; offset by
(v) Decrease in financial assets, at fair value through profit or loss by S$16.3 million due to the sale of financial assets, at FVPL; and
(vi) Decrease in property, plant and equipment by S$0.8 million due to depreciation net of additions and disposals.

Total liabilities

As of 31 March 2019, the Group's total liabilities stood at S$73.3 million, which was S$0.5 million lower than as at 31 December 2018. The decrease was mainly due to the following:

(i) Decrease in trade and other payables (current and non-current) of S$0.8 million mainly due to payment to contractors; and
(ii) Decrease in borrowings by S$1.0 million due to net repayment of borrowings; and
(iii) Decrease in other liabilities amounting to S$0.2 million; offset by
(iv) Increase in lease liabilities by S$1.5 million due to the adoption of SFRS(I) 16 *Leases* which requires previously off-balance sheet leases to be capitalised.;

Consolidated Statement of Cash Flows

Net cash generated used in operating activities of S$0.6 million in 1Q2019 was mainly due to working capital changes and income tax paid.

Net cash provided by investing activities of S$17.4 million in 1Q2019 was mainly due to proceeds received from the sale of financial assets, at FVPL.

Net cash used in financing activities of S$2.0 million in 1Q2019 was mainly due to net repayment of bank borrowings, lease liabilities and interest expenses.

As a result of the aforesaid, cash and cash equivalents increased to S$57.4 million as at 31 March 2019 from S$42.6 million as at 31 December 2018.

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

No forecast or prospect statement has been 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.

It has been almost a year since the global economy witnessed an escalation of trade tensions between USA and China. The trade war has placed pressure on global economic growth which prompted the International Monetary Fund to cut its global growth outlook for 2019[1].

Despite the unexpected round of cooling measure imposed by the Singapore Government in July 2018, the sale of new homes remained resilient in the first quarter of 2019[2]. Presently, there is a sizeable supply pipeline[3] from public land tenders and private collective sales accumulated before the cooling measures and we will remain cautious and continue to assess opportunities for real estate opportunities for real estate development in Singapore.

On the other hand, the Indonesia's residential pricing has been increasing steadily in 2018[4]. There are plans from the Indonesian government to cut taxes on luxury properties and revise other tax rules in a bid to boost the construction and real estate industry[5]. The long term outlook on the Indonesian residential property market appears to be positive on this front. However, uncertainties still looms around the political and economic environment given that the outcome of the Presidential election held on 17 April 2019 could only be confirmed in May 2019. Based on the current conditions, we look to capitalise on opportunities that arise through our land bank in our 3 developments of Rancamaya Estate, Royal Tajur and Harvest City but at the same time exercise caution to be prepared for changes in the economic landscape.

In the hospitality segment, visitor arrivals in Singapore continue on an upward trend in 2018 which represented the third consecutive year of growth. This has translated to higher occupancy rates in 2018 thus far with Singapore Tourism Board ("STB") hotel statistics showing the standard average occupancy rate increased by 1.2% to 86% and total room revenue increasing by 6.5% year-on-year[6].

Lastly, the service industry faces another challenge when the Dependency Ratio Ceiling – which sets out the maximum permitted ratio of foreign workers to the total workforce is allowed to hire – is set to be reduced to 35% in 2021 from the current 40%[7]. This change is set to put additional pressure on the hospitality industry which is presently facing labour constraints to improve operational efficiencies through technological advancement. The Group sees opportunities to provide our smart solutions to address these issues by introducing technological changes to existing business models. The Group will also extend its services to other countries in the region where its expertise in revenue management and technological capabilities provide an edge to grow the hospitality solutions business.

[1] https://www.bloomberg.com/news/articles/2019-04-09/imf-cuts-global-growth-outlook-to-lowest-since-financial-crisis
[2] https://sbr.com.sg/residential-property/news/new-home-sales-ballooned-1316-1054-units-in-march
[3] https://sbr.com.sg/residential-property/news/chart-day-over-50000-homes-in-supply-pipeline-until-2022
[4] https://www.globalpropertyguide.com/Asia/Indonesia/Price-History
[5] https://www.businesstimes.com.sg/real-estate/indonesia-plans-tax-revisions-to-prop-up-sluggish-property-sector
[6] https://www.stb.gov.sg/statistics-and-market-insights/marketstatistics/hotel%20statistics%202018.pdf
[7] https://www.channelnewsasia.com/news/singapore/budget-2019-foreign-worker-quota-in-services-sector-to-be-cut-to-11252904

11. If a decision regarding dividend has been made:-

None

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None

(b) (i) Amount per share …… cents
(Optional) Rate: …… %

Not applicable

(ii) Previous corresponding period …… cents
(Optional) Rate: …… %

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividends are determined.

Not applicable

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

No dividend has been declared for 1Q2019 as working capital is required to expand the Group's business

13. Aggregate value of interested person transactions conducted pursuant to shareholders' mandate for the period ended 31 March 2019:

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)
N/A	N/A	N/A

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

15. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Hano Maeloa and Chang Shyre Gwo, being two directors of the Company do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

On behalf of the board of directors

Hano Maeloa
Chief Executive Officer and Executive Director

Chang Shyre Gwo
Chief Operating Officer and Executive Director

BY ORDER OF THE BOARD

Hano Maeloa
Chief Executive Officer and Executive Director
30 April 2019