



HOTEL ROYAL LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 196800298G)

1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the third quarter and nine months ended 30 September 2018.

1(a) CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the third quarter and nine months ended 30 September

	Notes	<u>Group</u>					
		<u>Third Quarter Ended 30 Sep</u>			<u>Nine Months Ended 30 Sep</u>		
		<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	
Revenue	1	14,807	15,700	(5.7)	45,441	45,993	(1.2)
Cost of sales	2	(6,432)	(7,068)	(9.0)	(21,159)	(20,971)	0.9
Gross profit		8,375	8,632	(3.0)	24,282	25,022	(3.0)
Other income	3	68	459	(85.2)	731	1,302	(43.9)
Distribution costs	4	(939)	(598)	57.0	(1,632)	(1,193)	36.8
Administrative expenses	5	(3,598)	(3,925)	(8.3)	(10,787)	(11,647)	(7.4)
Other expenses	6	(172)	-	100.0	(1,685)	(483)	>100
Finance cost	7	(1,008)	(1,154)	(12.7)	(3,295)	(3,348)	(1.6)
Profit before income tax	8	2,726	3,414	(20.2)	7,614	9,653	(21.1)
Income tax expense	9	(1,132)	(526)	>100	(2,911)	(2,296)	26.8
Profit for the period attributable to owners of the Company		1,594	2,888	(44.8)	4,703	7,357	(36.1)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
for the third quarter and nine months ended 30 September

	<u>Group</u>					
	<u>Third Quarter Ended 30 Sep</u>			<u>Nine Months Ended 30 Sep</u>		
	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Profit for the period	1,594	2,888	(44.8)	4,703	7,357	(36.1)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Available-for-sale investments:						
Fair value gain (loss) recognised in fair value reserve	118	(175)	n.m.	(617)	739	n.m.
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	-	274	(100.0)	-	592	(100.0)
Transfer from fair value reserve to other comprehensive income upon disposal of available-for-sale investments	9	-	100.0	627	-	100.0
Re-measurement of defined benefit obligation	-	-		18	-	100.0
Exchange (loss) gain on translation of foreign operations	(1,090)	(974)	11.9	(1,009)	79	n.m.
Total	(963)	(875)	10.1	(981)	1,410	n.m.
Total comprehensive income for the period attributable to owners of the Company	631	2,013	(68.7)	3,722	8,767	(57.5)

n.m.: not meaningful

1. Revenue

Revenue comprises the following:

	<u>Group</u>					
	<u>Third Quarter Ended 30 Sep</u>			<u>Nine Months Ended 30 Sep</u>		
	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>	<u>2018</u>	<u>2017</u>	<u>+ / (-)</u>
<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	
Room revenue	9,158	9,113	0.5	27,920	27,056	3.2
Food and beverages revenue	2,325	2,629	(11.6)	7,236	7,365	(1.8)
Spa revenue	285	340	(16.2)	971	970	0.1
Rental income from:						
Investment properties	1,840	2,271	(19.0)	5,773	6,551	(11.9)
Other properties	689	710	(3.0)	2,178	2,233	(2.5)
Car park revenue	315	321	(1.9)	884	979	(9.7)
Interest income from outside parties	29	9	>100	51	59	(13.6)
Dividend income from:						
Quoted equity investments (gross)	87	132	(34.1)	305	319	(4.4)
Unquoted equity investments (gross)	44	40	10.0	44	40	10.0
Others	35	135	(74.1)	79	421	(81.2)
Total	14,807	15,700	(5.7)	45,441	45,993	(1.2)

Room revenue

Group room revenue for third quarter and nine months ended 30 September 2018 increased by 0.5% and 3.2% respectively as compared to corresponding periods in 2017 mainly due higher room occupancy in some of the Group's hotels. The strengthened Malaysian ringgit and Thai baht against Singapore dollar also contributed to the increase.

Food and beverages revenue

Food and beverage revenue for third quarter and nine months ended 30 September 2018 decreased by 11.6% and 1.8% respectively as compared to corresponding periods in 2017 mainly due to lower breakfast sales in some of the Group's hotels.

Rental income from investment properties

Rental income from investment properties for third quarter and nine months ended 30 September 2018 decreased by 19.0% and 11.9% respectively as compared to corresponding periods in 2017 mainly due to lower occupancy in some of the Group's properties.

2. Cost of sales

The cost of sales decreased by 9.0% for third quarter 2018 and remained constant for nine months ended 30 September 2018 as compared to corresponding periods in 2017 mainly due to lower costs in some of the Group's subsidiaries.

3. Other income

Other income comprises of foreign exchange gain, miscellaneous income and gain on disposal of property, plant and equipment.

The decrease in other income for third quarter and nine months ended 30 September 2018 as compared to corresponding periods in 2017 was mainly due to absence of gain on disposal of available-for-sale investments, absence of fair value gain on held-for-trading investments and lower miscellaneous income offset by higher foreign exchange gain.

4. Distribution costs

The increase in distribution costs for third quarter and nine months ended 30 September 2018 as compared to the corresponding periods in 2017 was mainly due to higher sales commission expenses.

5. Administrative expenses

The decrease in administrative expenses for third quarter and nine months ended 30 September 2018 as compared to corresponding periods in 2017 was mainly due to lower overhead expenses.

6. Other expenses

Other expenses comprise of foreign exchange loss, fair value loss on held-for-trading investments and miscellaneous expenses.

The increase in other expenses for third quarter and nine months ended 30 September 2018 as compared to the corresponding periods in 2017 was mainly due to higher fair value loss on held-for-trading investments and higher miscellaneous expenses offset by lower foreign exchange loss.

7. Finance cost

The decreased in finance cost for third quarter and nine months ended 30 September 2018 as compared to corresponding periods in 2017 was mainly due to repayment of bank loans.

8. Profit before income tax

Profit before income tax is arrived at after charging / (crediting):

	Group					
	Third Quarter Ended 30 Sep			Nine Months Ended 30 Sep		
	2018	2017	+ / (-)	2018	2017	+ / (-)
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	2,528	2,180	16.0	7,047	6,492	8.5
Impairment loss on						
available-for-sale investments	-	7	(100.0)	-	14	(100.0)
Allowance for doubtful receivables	4	1	>100	4	2	100.0
Write back of allowance for						
doubtful receivables	-	(14)	(100.0)	-	(14)	(100.0)
Bad debt recovered	-	(44)	(100.0)	-	(44)	(100.0)
Fair value (gain) loss on						
held-for-trading investments	(4)	(1)	>100	274	(82)	n.m.
Net foreign exchange adjustment						
loss (gain)	44	213	(79.3)	(259)	183	n.m.
Gain on disposal of						
available-for-sale investments	-	(345)	(100.0)	-	(607)	(100.0)
Loss (Gain) on disposal of						
property, plant and equipment	1	(6)	n.m.	(4)	4	n.m.

Depreciation

The increase in depreciation for third quarter and nine months ended 30 September 2018 as compared to corresponding periods in 2017 was mainly due to more fixed assets acquired in first quarter 2017.

Fair value (gain) loss on held-for-trading investments

The Group had fair value loss for nine months ended 30 September 2018 as opposed fair value gain in 2017 mainly due to weakened stock market conditions.

Net foreign exchange adjustment loss (gain)

The Group had net foreign exchange gain for nine months ended 30 September 2018 as opposed to net foreign exchange loss in 2017 mainly due to the strengthened United States dollar against Singapore dollar.

Gain on disposal of available-for-sale investments

There is no gain on disposal of available-for-sale investments for third quarter and nine months ended 30 September 2018 as compared to corresponding periods in 2017 mainly due to the gain on disposal of available-for-sale investments is recognised into other comprehensive income instead of profit or loss statement as the Group has adopted SFRS(I) 9 with effect from 1 January 2018.

9. Income tax expense

Income tax expense increased for third quarter and nine months ended 30 September 2018 as compared to corresponding periods in 2017 mainly due to additional deferred tax expense recognised for capitalised work-in-progress investment building in the New Zealand subsidiary.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>30 Sep 18</u>	<u>31 Dec 17</u>	<u>30 Sep 18</u>	<u>31 Dec 17</u>
		<u>S\$'000</u>	<u>(Restated)</u> <u>S\$'000</u>	<u>S\$'000</u>	<u>(Restated)</u> <u>S\$'000</u>
<u>ASSETS</u>					
Current assets					
Cash and bank balances	10	21,934	18,328	7,665	1,464
Held-for-trading investments	11	7,031	7,706	1,026	1,272
Available-for-sale investments	12	10,028	9,053	2,475	2,086
Trade receivables	13	2,628	3,542	776	1,288
Other receivables, deposits and prepaid expenses		1,699	1,449	158	107
Inventories		907	861	105	108
Income tax recoverable		35	11	-	-
Total current assets		<u>44,262</u>	<u>40,950</u>	<u>12,205</u>	<u>6,325</u>
Non-current assets					
Subsidiaries		-	-	184,571	180,585
Available-for-sale investments	12	4,058	4,268	1,147	1,186
Other assets		560	830	-	-
Goodwill		1,920	1,875	-	-
Property, plant and equipment		604,334	605,718	244,482	245,610
Investment properties		90,492	91,222	23,350	23,638
Total non-current assets		<u>701,364</u>	<u>703,913</u>	<u>453,550</u>	<u>451,019</u>
Total assets		<u>745,626</u>	<u>744,863</u>	<u>465,755</u>	<u>457,344</u>
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	14	5,958	16,929	-	-
Trade payables	15	2,719	3,274	2,050	2,021
Other payables	16	5,449	5,964	2,252	2,515
Income tax payable	17	1,723	2,564	461	1,444
Total current liabilities		<u>15,849</u>	<u>28,731</u>	<u>4,763</u>	<u>5,980</u>
Non-current liabilities					
Long-term bank loans	14	99,907	135,842	32,364	74,064
Retirement benefit obligations		789	773	-	-
Deferred tax liabilities		20,589	19,450	750	750
Other payables	16	409	1,733	24,314	23,890
Total non-current liabilities		<u>121,694</u>	<u>157,798</u>	<u>57,428</u>	<u>98,704</u>
Capital and reserves					
Share capital	18	150,665	100,438	150,665	100,438
Asset revaluation reserve		364,577	364,577	213,108	213,108
Employee benefit reserve		198	180	-	-
Fair value reserve	19	2,587	3,707	715	759
Translation reserve	20	(919)	90	-	-
Retained earnings		90,975	89,342	39,076	38,355
Total equity		<u>608,083</u>	<u>558,334</u>	<u>403,564</u>	<u>352,660</u>
Total liabilities and equity		<u>745,626</u>	<u>744,863</u>	<u>465,755</u>	<u>457,344</u>

10. Cash and bank balances

The increase in cash and bank balances was mainly due to S\$50.227 million net proceeds received from the Company's rights issue offset by bank loan repayments.

11. Held-for-trading investments

The decrease in held-for-trading investments was mainly due to higher disposal of investments.

12. Available-for-sale investments

Available-for-sale investments consist of current and non-current portion.

The increase in current portion of available-for-sale investments was mainly due to higher purchase of investments. However, the decrease in non-current portion of available-for-sale investments was mainly due to fair value loss resulted from weakened stock market conditions.

13. Trade receivables

The decrease in trade receivables was mainly due to prompt collections and also lower rental income in some of the Group's investment properties.

14. Bank loans

Bank loans consist of current bank loans and long-term bank loans.

The decrease in current bank loans was mainly due to reclassification of short-term bank loan to long-term bank loan for renewal of long-term bank loan facility in a Malaysia hotel and also bank loan repayments made in Thailand hotels while the decrease in long-term bank loans was mainly due to bank loan repayments made in the Company.

15. Trade payables

The decrease in trade payables was mainly due to prompt payments made to trade creditors.

16. Other payables

Other payables consist of current and non-current portion.

The decrease for current portion of other payables was mainly due to lower other creditors and accrued expenses while the decrease for other payables (non-current liabilities) was mainly due to the additional balance payable had become due within one year to complete the transaction as mentioned below.

Baba Residences Sdn Bhd, a subsidiary of the Group, had entered into three year tenancy agreement with Riaplan Sdn Bhd on 6 February 2017. Baba Residences Sdn Bhd has an option to purchase the property or purchase the entire issued and paid up share capital of Riaplan Sdn Bhd for RM 15 million on 31 December 2018. The advance rental and rental deposits paid by Baba Residences Sdn Bhd amounting to RM 10 million will form part of the purchase consideration. An additional RM 5 million will be payable to complete the transaction.

17. Income tax payable

The decrease in income tax payable was mainly due to tax payments made.

18. Share capital

The increase in share capital was mainly due to the Company's successful rights issue of 16.8 million new ordinary shares at S\$3 each on the basis of one right share for every five ordinary shares in July 2018.

19. Fair value reserve

The decrease in fair value reserve was mainly due to higher fair value loss on available-for-sale investments resulted from weakened stock market conditions.

20. Translation reserve

The negative translation reserve of S\$0.919 million as at 30 September 2018 as opposed to positive translation reserve of S\$0.090 million as at 31 December 2017 was mainly due to translation loss on translating the net assets of New Zealand subsidiary into Singapore dollar as the New Zealand dollar had weakened against Singapore dollar offset by translation gain on translating the net assets of Thailand subsidiaries into Singapore dollar as the Thai baht had strengthened against Singapore dollar.

1(b)(ii) GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand (in S\$'000)

<u>As at 30 Sep 2018</u>		<u>As at 31 Dec 2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
5,958	-	16,929	-

Amount repayable after one year (in S\$'000)

<u>As at 30 Sep 2018</u>		<u>As at 31 Dec 2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
99,907	-	135,842	-

Details of collaterals

The bank borrowings are secured by mortgages of some of the Company's and subsidiaries' freehold land and buildings and investment properties; and assignment of rental proceeds of certain subsidiaries' investment properties and a floating charge on certain Company's and subsidiaries' assets.

1 (c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the third quarter and nine months ended 30 Sep

Group

	<u>Third Quarter Ended 30 Sep</u>		<u>Nine Months Ended 30 Sep</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
Operating activities:				
Profit before income tax	2,726	3,414	7,614	9,653
Adjustments for:				
Depreciation expense	2,528	2,180	7,047	6,492
Impairment loss on available-for-sale investments	-	7	-	14
Dividend income	(131)	(172)	(349)	(359)
Interest income	(29)	(9)	(51)	(59)
Interest expense	1,008	1,154	3,295	3,348
Allowance for doubtful receivables	4	1	4	2
Write back of allowance for doubtful receivables	-	(14)	-	(14)
Bad debt recovered	-	(44)	-	(44)
Gain on disposal of available-for-sale investments	-	(345)	-	(607)
Fair value (gain) loss on held-for-trading investments	(4)	(1)	274	(82)
Loss (Gain) on disposal of property, plant and equipment	1	(6)	(4)	4
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Operating cash flows before movements in working capital	6,103	6,165	17,830	18,348
Available-for-sale investments	414	58	543	245
Held-for-trading investments	(48)	(74)	401	(1,451)
Trade and other receivables	(76)	(396)	931	(98)
Inventories	(20)	(37)	(46)	(174)
Trade and other payables	32	(635)	(2,376)	1,845
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	6,405	5,081	17,283	18,715
Interest paid	(1,008)	(1,154)	(3,295)	(3,348)
Interest received	29	9	51	59
Dividend received	131	172	349	359
Income tax paid – net of refund	(966)	(1,127)	(2,115)	(2,526)
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Net cash from operating activities	4,591	2,981	12,273	13,259
	<hr/>	<hr/>	<hr/>	<hr/>
Investing activities:				
Purchase of available-for-sale investments	(502)	(1,539)	(4,373)	(2,788)
Proceeds from disposal of available-for-sale investments	496	2,027	3,593	3,333
Purchase of property, plant and equipment	(849)	(690)	(2,323)	(7,265)
Proceeds from disposal of property, plant and equipment	16	23	97	36
Addition to investment properties	(2,478)	(151)	(3,330)	(180)
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Net cash used in investing activities	(3,317)	(330)	(6,336)	(6,864)
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1 (c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the third quarter and nine months ended 30 Sep (Continued)

	<u>Group</u>			
	<u>Third Quarter Ended 30 Sep</u>		<u>Nine Months Ended 30 Sep</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financing activities:				
Proceeds from bank loans	-	232	3,000	8,761
Repayment of bank loans	(46,724)	(3,460)	(52,446)	(7,482)
Fixed deposit pledged to banks	26	(4)	-	(422)
Net proceeds from rights issue	50,227	-	50,227	-
Repayment of finance lease	-	(6)	-	(42)
Dividends paid	-	-	(4,200)	(4,200)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash from (used in) financing activities	3,529	(3,238)	(3,419)	(3,385)
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Net increase (decrease) in cash and cash equivalents	4,803	(587)	2,518	3,010
Cash and cash equivalents at beginning of period	16,000	16,296	17,248	14,089
Effect of currency exchange adjustment	51	365	1,088	(1,025)
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Cash and cash equivalents at end of period	20,854	16,074	20,854	16,074
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Cash and cash equivalents consist of:

	<u>As at 30 Sep</u>	
	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	143	157
Cash at bank	16,066	16,067
Fixed deposits	5,725	904
	<hr/>	<hr/>
	21,934	17,128
Less: Fixed deposits pledged to banks	(1,080)	(1,054)
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Total	20,854	16,074
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1(d)(i) STATEMENTS OF CHANGES IN EQUITY

The Group	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Employee benefit reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Translation reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
Balance at 1 January 2017	100,438	354,185	198	2,075	(12,960)	98,931	542,867
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	3,185	3,185
Other comprehensive income (loss) for the period	-	-	-	791	(1,290)	-	(499)
Total	-	-	-	791	(1,290)	3,185	2,686
Balance at 31 March 2017	100,438	354,185	198	2,866	(14,250)	102,116	545,553
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	1,284	1,284
Other comprehensive loss for the period	-	-	-	441	2,343	-	2,784
Total	-	-	-	441	2,343	1,284	4,068
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Balance at 30 June 2017	100,438	354,185	198	3,307	(11,907)	99,200	545,421
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,888	2,888
Other comprehensive loss for the period	-	-	-	99	(974)	-	(875)
Total	-	-	-	99	(974)	2,888	2,013
Balance at 30 September 2017	100,438	354,185	198	3,406	(12,881)	102,088	547,434

1(d)(i) STATEMENTS OF CHANGES IN EQUITY (Continued)

The Group	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Employee benefit reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Balance at 1 January 2018	100,438	364,577	180	3,707	90	89,342	558,334
Effect of adoption of SFRS(I)9	-	-	-	(503)	-	503	-
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	2,529	2,529
Other comprehensive income (loss) for the period	-	-	18	(216)	2,806	216	2,824
Total	-	-	18	(216)	2,806	2,745	5,353
Balance at 31 March 2018	100,438	364,577	198	2,988	2,896	92,590	563,687
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	580	580
Other comprehensive income for the period	-	-	-	(519)	(2,725)	402	(2,842)
Total	-	-	-	(519)	(2,725)	982	(2,262)
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Balance at 30 June 2018	100,438	364,577	198	2,469	171	89,372	557,225

1(d)(i) STATEMENTS OF CHANGES IN EQUITY (Continued)

The Group	<u>Share capital</u>	<u>Asset revaluation reserve</u>	<u>Employee benefit reserve</u>	<u>Fair value reserve</u>	<u>Translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at 30 June 2018	100,438	364,577	198	2,469	171	89,372	557,225
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,594	1,594
Other comprehensive income for the period	-	-	-	118	(1,090)	9	(963)
Total	-	-	-	118	(1,090)	1,603	631
Transactions with owners, directly recognised in equity							
Issue of new ordinary shares	50,400	-	-	-	-	-	50,400
Share issue expenses	(173)	-	-	-	-	-	(173)
Total	50,227	-	-	-	-	-	50,227
Balance at 30 September 2018	150,665	364,577	198	2,587	(919)	90,975	608,083

1(d)(i) STATEMENTS OF CHANGES IN EQUITY (Continued)

	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Company					
Balance at 1 January 2017	100,438	210,108	465	36,828	347,839
Total comprehensive income for the period					
Profit for the period	-	-	-	1,609	1,609
Other comprehensive income for the period	-	-	183	-	183
Total	-	-	183	1,609	1,792
Balance at 31 March 2017	100,438	210,108	648	38,437	349,631
Total comprehensive income for the period					
Profit for the period	-	-	-	1,873	1,873
Other comprehensive income for the period	-	-	6	-	6
Total	-	-	6	1,873	1,879
Transactions with owners, recognised directly in equity Dividends	-	-	-	(4,200)	(4,200)
Balance at 30 June 2017	100,438	210,108	654	36,110	347,310
Total comprehensive income for the period					
Profit for the period	-	-	-	1,642	1,642
Other comprehensive income for the period	-	-	78	-	78
Total	-	-	78	1,642	1,720
Balance at 30 September 2017	100,438	210,108	732	37,752	349,030

1(d)(i) STATEMENTS OF CHANGES IN EQUITY (Continued)

	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
The Company					
Balance at 1 January 2018	100,438	213,108	759	38,355	352,660
Effect on adoption of SFRS(I) 9	-	-	(109)	109	-
Total comprehensive income for the period					
Profit for the period	-	-	-	1,490	1,490
Other comprehensive income for the period	-	-	(97)	-	(97)
Total	-	-	(97)	1,490	1,393
Balance at 31 March 2018	100,438	213,108	553	39,954	354,053
Total comprehensive income for the period					
Profit for the period	-	-	-	1,050	1,050
Other comprehensive income for the period	-	-	115	-	115
Total	-	-	115	1,050	1,165
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
Balance at 30 June 2018	100,438	213,108	668	36,804	351,018

1(d)(i) STATEMENTS OF CHANGES IN EQUITY (Continued)

	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Company					
Balance at 30 June 2018	100,438	213,108	668	36,804	351,018
Total comprehensive income for the period					
Profit for the period	-	-	-	2,272	2,272
Other comprehensive income for the period	-	-	47	-	47
Total	-	-	47	2,272	2,319
Transactions with owners, directly recognised in equity					
Issue of new ordinary shares	50,400	-	-	-	50,400
Share issue expenses	(173)	-	-	-	(173)
Total	50,227	-	-	-	50,227
Balance at 30 September 2018	150,665	213,108	715	39,076	403,564

1(d)(ii) SHARE CAPITAL

	<u>30 Sep 2018</u>	<u>31 Dec 2017</u>	<u>30 Sep 2018</u>	<u>31 Dec 2017</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
Issue and paid-up capital:				
Balance at beginning of period	84,000	84,000	100,438	100,438
Issue of new ordinary shares under rights issue	16,800	-	50,227	-
Balance at end of period	<u>100,800</u>	<u>84,000</u>	<u>150,665</u>	<u>100,438</u>

With the successful rights issue of 16.8 million new ordinary shares of S\$3 each, on the basis of one right share for every five ordinary shares, by the Company in July 2018, the total number of issued ordinary shares of the Company had increased from 84 million ordinary shares to 100.8 million ordinary shares and the paid-up capital had increased from S\$100.438 million to S\$150.665 million.

Use of the Rights Issue's Proceeds

The rights issue raised S\$50.227 million after expenses of S\$0.173 million.

S\$40 million was utilised in 3Q 2018 to repay part of the Company's bank borrowings. The balance amount was initially for general working capital of the Group. With the rising interest rate, the Company took the opportunity to repay a further S\$4.7 million of the Company's bank borrowing. As the Company is able to draw up on the bank borrowing for working capital, this additional loan repayment will not affect the Company's working capital requirement.

A further amount of S\$0.542 million was utilised for the major upgrading of The Baba House and partial balance payment for purchase of Baba Mansion in Melaka, Malaysia.

After accounting for the above, the balance of the Rights Issue's Proceeds is S\$4.985 million of which S\$4 million was placed as fixed deposit and S\$0.985 million utilised as working capital as at 30 September 2018.

1(d)(iii) TREASURY SHARES

There are no treasury shares.

1(d) (iv) A STATEMENT SHOWING ALL SALES, TRANSFERERS, CANCELLATION AND/OR USE OF TREASURY SHARES AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

2 AUDIT

The financial statements for the current financial period have not been audited or reviewed by the Company's auditors.

3 AUDITORS' REPORT

Not applicable.

4 ACCOUNTING POLICIES

The same accounting policies and methods of computation have been applied in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which effective for annual financial periods beginning on or after 1 January 2018.

On transition to SFRS(I), the Group elected the option to reset the translation reserve to zero on 1 January 2017, and accordingly, has reclassified an amount of S\$12.960 million from translation reserve to the opening retained earnings as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

In compliance with SFRS(I) 9, the Group elected the option at initial recognition, to measure equity investments that is not held-for-trading at fair value through other comprehensive income ("FVTOCI"), which only dividend income recognized in profit or loss. The effect on adoption of SFRS(I) 9 has resulted in a decrease of S\$0.503 million and S\$0.109 million respectively in fair value reserve and a corresponding increase in retained earnings of the Group and of the Company as at 1 January 2018.

5 CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policy which has a material effect on the results and financial position of the Group and of the Company for the current and the previous financial periods except as those stated in paragraph 4.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>			
	<u>Third Quarter Ended 30 Sep</u>		<u>Nine Months Ended 30 Sep</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	1.78 cents	3.39 cents	5.25 cents	8.63 cents
- on a fully diluted basis	1.78 cents	3.39 cents	5.25 cents	8.63 cents

Basic earnings per share is calculated based on the Group's profit for third quarter and nine months of S\$1.594 million and S\$4.703 million respectively (2017: S\$2.888 million and S\$7.357 million respectively) after income tax expense divided by weighted average number of 89.496 million (2017: 85.292 million) ordinary shares, which has been adjusted to reflect the effects of rights issue in July 2018.

Diluted earnings per ordinary share are the same as basic earnings per ordinary shares as there are no dilutive potential ordinary shares.

7 NET ASSET VALUE (NAV)

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2018</u>	<u>31 Dec 2017</u>	<u>30 Sep 2018</u>	<u>31 Dec 2017</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$6.03	S\$6.65	S\$4.00	S\$4.20

The NAV per share as at 30 September 2018 and 31 December 2017 were calculated based on the number of shares in issue of 100.8 million (2017: 84 million) ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Third quarter 2018 vs. Third quarter 2017

The Group's revenue for third quarter 2018 decreased by 5.7% to S\$14.807 million from S\$15.700 million in 2017. This was mainly due to lower rental income from investment properties and lower food and beverage revenue.

The Group's profit after income tax for third quarter 2018 decreased by 44.8% or S\$1.294 million as compared to third quarter 2017 mainly due to lower revenue and higher income tax expense.

Nine months ended 2018 vs. Nine months ended 2017

The Group's revenue for nine months ended 30 September 2018 decreased by 1.2% to S\$45.441 million from S\$45.993 million in 2017. This was mainly due to lower rental income from investment properties and lower food and beverage revenue.

The Group's profit after income tax for nine months ended 30 September 2018 decreased by 36.1% to S\$4.703 million from S\$7.357 million in 2017. This was mainly due to lower revenue and higher income tax expense.

In the opinion of the Directors, no transaction has arisen between 30 September 2018 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

9 VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

Not applicable.

10 OUTLOOK

The hospitality industry remains highly competitive in Singapore, Malaysia and Thailand. The Group is expecting more challenges ahead. The Group will continue to closely monitor its room occupancy and room rates, enhance customer experiences, upgrade hotel properties and explore more investment opportunities, in order to maximize shareholders' income and enlarge its market share.

The Group is actively upgrading its investment properties in New Zealand so as to maximize rental income.

The Group's managed fund portfolio will continue to be affected by uncertainties of the global trade wars and geopolitical tensions.

In addition to the above, the Group's profitability will continue to be influenced by fluctuations in exchange rates of currencies such as the New Zealand dollar, United States dollar, Malaysian ringgit and Thai baht against Singapore dollar.

11 DIVIDEND

(a) Current Financial Period Reported On

No interim dividend is recommended for the current period ended 30 September 2018.

(b) Corresponding Period of the Immediately Preceding Financial Year

No interim dividend was recommended for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 INTERESTED PERSON TRANSACTIONS

There were no interested person transactions of S\$100,000 or more for the period under review. The Group does not have a general mandate from its shareholders for interested person transactions.

13 CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

14 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS UNDER SGX LISTING 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 which may render the unaudited interim financial results for the third quarter and nine months ended 30 September 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

9 November 2018