



# HOTEL ROYAL LIMITED

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

## 1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF-YEAR ENDED 30 JUNE 2018

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the second quarter and half-year ended 30 June 2018.

### 1(a) CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the second quarter and half-year ended 30 June

	Notes	<u>Group</u>					
		<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</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	13,945	14,127	(1.3)	30,634	30,293	1.1
Cost of sales	2	(6,866)	(7,015)	(2.1)	(14,727)	(13,903)	5.9
Gross profit		7,079	7,112	(0.5)	15,907	16,390	(2.9)
Other income	3	70	457	(84.7)	663	843	(21.4)
Distribution costs	4	(344)	(305)	12.8	(693)	(595)	16.5
Administrative expenses	5	(3,910)	(2,562)	52.6	(7,189)	(5,954)	20.7
Other expenses	6	(703)	(1,313)	(46.5)	(1,513)	(2,251)	(32.8)
Finance costs	7	(1,148)	(1,118)	2.7	(2,287)	(2,194)	4.2
Profit before income tax	8	1,044	2,271	(54.0)	4,888	6,239	(21.7)
Income tax expense	9	(464)	(987)	(53.0)	(1,779)	(1,770)	0.5
Profit for the period attributable to owners of the Company		580	1,284	(54.8)	3,109	4,469	(30.4)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
for the second quarter and half-year ended 30 June**

	<u>Group</u>					
	<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</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	580	1,284	(54.8)	3,109	4,469	(30.4)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Available-for-sale investments:						
Fair value (loss) gain recognised in fair value reserve	(519)	260	n.m.	(735)	914	n.m.
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	-	181	(100.0)	-	318	(100.0)
Transfer from fair value reserve to other comprehensive income upon disposal of available-for-sale investments	402	-	100.0	618	-	100.0
Re-measurement of defined benefit obligation	-	-		18	-	100.0
Exchange differences on translation of foreign operations	(2,725)	2,343	n.m.	81	1,053	(92.3)
Total	<u>(2,842)</u>	<u>2,784</u>	<u>n.m.</u>	<u>(18)</u>	<u>2,285</u>	<u>n.m.</u>
Total comprehensive (loss) income for the period attributable to owners of the Company	<u>(2,262)</u>	<u>4,068</u>	<u>n.m.</u>	<u>3,091</u>	<u>6,754</u>	<u>(54.2)</u>

n.m.: not meaningful.

## Notes

### 1. Revenue

Revenue comprises the following:

	<u>Group</u>					
	<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</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	8,413	8,147	3.3	18,762	17,943	4.6
Food and beverages revenue	2,253	2,254	-	4,911	4,736	3.7
Spa revenue	315	298	5.7	686	630	8.9
Rental income from:						
Investment properties	1,826	2,064	(11.5)	3,933	4,280	(8.1)
Other properties	716	752	(4.8)	1,489	1,523	(2.2)
Car park revenue	250	328	(23.8)	569	658	(13.5)
Interest income from outside parties	18	20	(10.0)	22	50	(56.0)
Dividend income from quoted equity investments (gross)	150	147	2.0	218	187	16.6
Others	4	117	(96.6)	44	286	(84.6)
<b>Total</b>	<b>13,945</b>	<b>14,127</b>	<b>(1.3)</b>	<b>30,634</b>	<b>30,293</b>	<b>1.1</b>

#### ***Room revenue***

Group room revenue for second quarter and half-year ended 30 June 2018 increased by 3.3% and 4.6% respectively as compared to the corresponding periods in 2017 mainly due to higher room occupancy in some of the Group's hotels. The strengthened Malaysian ringgit against Singapore dollar also contributed to the increase.

#### ***Food and beverages revenue***

The food and beverages revenue remained constant for second quarter and increased by 3.7% for half-year ended 30 June 2018 as compared to corresponding periods in 2017. This was mainly due to higher breakfast sales in some of the Group's hotels.

#### ***Rental income from investment properties***

Rental income from investment properties decreased for second quarter and half-year ended 30 June 2018 as compared to corresponding periods in 2017 mainly due to lower occupancy in some of the Group's properties. The weakened New Zealand dollar against Singapore dollar also contributed to the decrease.

### 2. Cost of sales

Cost of sales increased for half-year ended 30 June 2018 as compared to corresponding period in 2017 mainly due to higher costs arising from improved room, food and beverage sales. The strengthened Malaysian ringgit against Singapore dollar also contributed to the increase.

**3. Other income**

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

The decrease in other income for second quarter and half-year ended 30 June 2018 as compared to corresponding periods in 2017 was mainly due to the absence of gain on disposal of available-for-sale investments and fair value gain on held-for-trading investments.

**4. Distribution costs**

The increase in distribution costs for second quarter and half-year ended 30 June 2018 as compared to corresponding periods in 2017 was mainly due to higher sales commission expenses.

**5. Administrative expenses**

The increase in administrative expenses for second quarter and half-year ended 30 June 2018 as compared to corresponding periods in 2017 was mainly due to higher overhead expenses.

**6. Other expenses**

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

The decrease in other expenses for second quarter and half-year ended 30 June 2018 as compared to the corresponding periods in 2017 was mainly due to lower other expenses in a Malaysia hotel, offset by higher fair value loss on held-for-trading investments.

**7. Finance costs**

The increase in finance costs for second quarter and half-year ended 30 June 2018 as compared to the corresponding periods in 2017 was mainly due to the rise in interest rates.

## 8. Profit before income tax

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

	<u>Group</u>					
	<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</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>	
Depreciation expense	2,202	2,202	-	4,519	4,312	4.8
Impairment loss on available-for-sale investments	-	7	(100.0)	-	7	(100.0)
Allowance for doubtful receivables	-	-		-	1	(100.0)
Fair value loss (gain) on held-for-trading investments	137	(53)	n.m.	278	(81)	n.m.
Net foreign exchange adjustment loss (gain)	80	(224)	n.m.	(303)	(30)	>100
Gain on disposal of available-for-sale investments	-	(121)	(100.0)	-	(262)	(100.0)
(Gain) loss on disposal of property, plant and equipment	(6)	9	n.m.	(5)	10	n.m.

n.m.: not meaningful.

### *Depreciation expense*

The increase in depreciation expense for half-year ended 30 June 2018 as compared to corresponding period in 2017 was mainly due to the capitalised leasehold land and building in first quarter 2017.

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

The Group had fair value loss for second quarter and half-year ended 30 June 2018 as opposed to fair value gain for corresponding periods in 2017 mainly arose from weakened stock market conditions.

### *Net foreign exchange adjustment loss (gain)*

The Group made higher net foreign exchange adjustment gain for half-year ended 30 June 2018 as compared to corresponding period in 2017 mainly due to the strengthened Malaysian ringgit against Singapore dollar.

### *Gain on disposal of available-for-sale investments*

There is no gain on disposal of available-for-sale investments for second quarter and half-year ended 30 June 2018 as compared to corresponding periods in 2017 mainly due to 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 decreased for second quarter and remained constant for half-year ended 30 June 2018 as compared to corresponding periods in 2017 mainly due to lower taxable income in New Zealand subsidiary in second quarter 2018.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

		<u>The Group</u>		<u>The Company</u>	
		<u>30 June 18</u>	<u>31 Dec 17</u> (Restated)	<u>30 June 18</u>	<u>31 Dec 17</u>
	<u>Notes</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and bank balances	10	17,106	18,328	841	1,464
Held-for-trading investments	11	6,979	7,706	1,014	1,272
Available-for-sale investments	12	9,871	9,053	2,392	2,086
Trade receivables	13	2,378	3,542	689	1,288
Other receivables, deposits and prepaid expenses		1,804	1,449	211	107
Inventories		887	861	99	108
Income tax recoverable		82	11	-	-
<b>Total current assets</b>		<u>39,107</u>	<u>40,950</u>	<u>5,246</u>	<u>6,325</u>
<b>Non-current assets</b>					
Subsidiaries		-	-	183,031	180,585
Available-for-sale investments	12	4,095	4,268	1,163	1,186
Other assets		632	830	-	-
Goodwill		1,874	1,875	-	-
Property, plant and equipment		605,232	605,718	244,860	245,610
Investment properties		90,293	91,222	23,446	23,638
<b>Total non-current assets</b>		<u>702,126</u>	<u>703,913</u>	<u>452,500</u>	<u>451,019</u>
<b>Total assets</b>		<u>741,233</u>	<u>744,863</u>	<u>457,746</u>	<u>457,344</u>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Bank loans	14	10,145	16,929	-	-
Trade payables	15	2,408	3,274	1,695	2,021
Other payables		5,717	5,964	5,253	2,515
Income tax payable		2,160	2,564	805	1,444
<b>Total current liabilities</b>		<u>20,430</u>	<u>28,731</u>	<u>7,753</u>	<u>5,980</u>
<b>Non-current liabilities</b>					
Long-term bank loans	14	142,144	135,842	74,064	74,064
Retirement benefit obligations		784	773	-	-
Deferred tax liabilities		20,229	19,450	749	750
Other payables	16	421	1,733	24,162	23,890
<b>Total non-current liabilities</b>		<u>163,578</u>	<u>157,798</u>	<u>98,975</u>	<u>98,704</u>
<b>Capital and reserves</b>					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		364,577	364,577	213,108	213,108
Employee benefit reserve		198	180	-	-
Fair value reserve	17	2,469	3,707	668	759
Translation reserve		171	90	-	-
Retained earnings		89,372	89,342	36,804	38,355
<b>Total equity</b>		<u>557,225</u>	<u>558,334</u>	<u>351,018</u>	<u>352,660</u>
<b>Total liabilities and equity</b>		<u>741,223</u>	<u>744,863</u>	<u>457,746</u>	<u>457,344</u>

**10. Cash and bank balances**

The decrease in cash and bank balances was mainly due to lower rental income in some of the Group's investment properties and also higher operating expenses.

**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 increased investments while the decrease in non-current portion of available-for-sale investments was mainly due to fair value loss 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 the reclassification of long-term bank loan to short term bank loan in 2017 arose from expiring long-term bank loan facility in a Malaysia hotel, while the increase in long-term bank loans was mainly due to the renewal of long-term bank loan facility in a Malaysia hotel.

**15. Trade payables**

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

**16. Other payables (Non-current liabilities)**

The decrease in other payables (non-current liabilities) was mainly due to the additional RM 5 million balance payable had become due within one year as mentioned below.

Baba Residences Sdn Bhd, a subsidiary of the Group, had entered into a 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. Fair value reserve**

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

## 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 June 2018</u>		<u>As at 31 Dec 2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
10,145	-	16,929	-

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

<u>As at 30 June 2018</u>		<u>As at 31 Dec 2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
142,144	-	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 second quarter and half-year ended 30 June

	<u>Group</u>			
	<u>Second Quarter Ended</u>		<u>Half-Year Ended</u>	
	<u>30 June</u>		<u>30 June</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>
<b>Operating activities:</b>				
Profit before income tax	1,044	2,271	4,888	6,239
Adjustments for:				
Depreciation expense	2,202	2,202	4,519	4,312
Dividend income	(150)	(147)	(218)	(187)
Interest income	(18)	(20)	(22)	(50)
Interest expense	1,148	1,118	2,287	2,194
Allowance for doubtful receivables	-	-	-	1
Impairment loss on available-for-sale investments	-	7	-	7
Gain on disposal of available-for-sale investments	-	(121)	-	(262)
Fair value loss (gain) on held-for-trading investments	137	(53)	278	(81)
(Gain) loss on disposal of property, plant and equipment	(6)	9	(5)	10
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	4,357	5,266	11,727	12,183
Available-for-sale investments	126	48	129	187
Held-for-trading investments	541	(436)	449	(1,377)
Trade and other receivables	1,450	522	1,007	298
Inventories	(39)	21	(26)	(137)
Trade and other payables	(1,515)	(303)	(2,408)	2,480
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	4,920	5,118	10,878	13,634
Interest paid	(1,148)	(1,118)	(2,287)	(2,194)
Interest received	18	20	22	50
Dividend received	150	147	218	187
Income tax paid – net of refund	(991)	(925)	(1,149)	(1,399)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash from operating activities	2,949	3,242	7,682	10,278
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Investing activities:</b>				
Purchase of available-for-sale investments	(3,450)	(22)	(3,871)	(1,249)
Proceeds from disposal of available-for-sale investments	2,067	862	3,097	1,306
Purchase of property, plant and equipment	(682)	(1,286)	(1,474)	(6,575)
Addition to investment properties	(554)	(20)	(852)	(29)
Proceeds from disposal of property, plant and equipment	73	10	81	13
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(2,546)	(456)	(3,019)	(6,534)
	<hr/>	<hr/>	<hr/>	<hr/>

**1 (c) CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the second quarter and half-year ended 30 June (Continued)**

	<u>Group</u>			
	<u>Second Quarter Ended</u>		<u>Half-Year Ended</u>	
	<u>30 June</u>		<u>30 June</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>
<b>Financing activities:</b>				
Fixed deposits pledged to banks	3	(427)	(26)	(418)
Proceeds from bank loans	3,000	4,332	3,000	8,529
Repayment of bank loans	(1,267)	(1,612)	(5,722)	(4,022)
Repayment of finance lease	-	(18)	-	(36)
Dividends paid	(4,200)	(4,200)	(4,200)	(4,200)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	(2,464)	(1,925)	(6,948)	(147)
	<hr/>	<hr/>	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(2,061)	861	(2,285)	3,597
Cash and cash equivalents at beginning of period	18,345	16,532	17,248	14,089
Effect of currency exchange adjustment	(284)	(1,097)	1,037	(1,390)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>16,000</b>	<b>16,296</b>	<b>16,000</b>	<b>16,296</b>
	<hr/>	<hr/>	<hr/>	<hr/>

Cash and cash equivalents consist of:

	<u>As at 30 June</u>	
	<u>2018</u>	<u>2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	137	254
Cash at bank	15,213	16,194
Fixed deposits	1,756	898
	<hr/>	<hr/>
	17,106	17,346
Less: Fixed deposits pledged to banks	(1,106)	(1,050)
	<hr/>	<hr/>
Total	<b>16,000</b>	<b>16,296</b>
	<hr/>	<hr/>

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

<b>The Group</b>	<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 2017 (As previously reported)	100,438	354,185	198	2,075	(12,960)	98,931	542,867
Effect of transition to Singapore Financial Reporting Standards (International) ("SFRS(I)")	-	-	-	-	12,960	(12,960)	-
Balance at 1 January 2017 (Restated)	100,438	354,185	198	2,075	-	85,971	542,867
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,185	3,185
Other comprehensive income for the period	-	-	-	791	(1,290)	-	(499)
Total	-	-	-	791	(1,290)	3,185	2,686
<b>Balance at 31 March 2017</b>	100,438	354,185	198	2,866	(1,290)	89,156	545,553
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,284	1,284
Other comprehensive income for the period	-	-	-	441	2,343	-	2,784
Total	-	-	-	441	2,343	1,284	4,068
Transactions with owners, recognised directly in equity							
Final dividends	-	-	-	-	-	(4,200)	(4,200)
<b>Balance at 30 June 2017</b>	100,438	354,185	198	3,307	1,053	86,240	545,421

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

<b>The Group</b>	<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 1 January 2018	100,438	364,577	180	3,707	90	89,342	558,334
Effect on adoption of SFRS(I) 9	-	-	-	(503)	-	503	-
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,529	2,529
Other comprehensive income for the period	-	-	18	(216)	2,806	216	2,824
Total	-	-	18	(216)	2,806	2,745	5,353
<b>Balance at 31 March 2018</b>	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)
<b>Balance at 30 June 2018</b>	100,438	364,577	198	2,469	171	89,372	557,225

**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>
<b>The Company</b>					
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
<b>Balance at 31 March 2017</b>	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)
<b>Balance at 30 June 2017</b>	100,438	210,108	654	36,110	347,310

**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>
<b>The Company</b>					
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
<b>Balance at 31 March 2018</b>	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)
<b>Balance at 30 June 2018</b>	100,438	213,108	668	36,804	351,018

**1(d)(ii) SHARE CAPITAL**

	<u>30 June 2018</u>	<u>31 Dec 2017</u>	<u>30 June 2018</u>	<u>31 Dec 2017</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
<b>Issued and paid-up capital:</b>				
Balance at beginning and end of period	<u>84.000</u>	<u>84.000</u>	<u>100.438</u>	<u>100.438</u>

There was no change in the share capital since the end of the previous period reported on.

Rights issue

Subsequent to 30 June 2018, the rights issue was successfully completed on 18 July 2018.

The rights issue was fully subscribed and 16.8 million rights shares were issued on 18 July 2018.

Total net proceeds of S\$50.25 million was raised after estimated rights issue's expenses of S\$0.15 million. S\$40 million of the net proceeds will be utilised to reduce bank borrowings and about S\$10.25 million for working capital.

The total number of issued shares of the Company increases from 84 million shares to 100.8 million shares and the paid-up capital increases from S\$100.43 million to about S\$150.68 million (after deducting the expense of the rights issues of approximately S\$0.15 million).

**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 are 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>Second Quarter Ended 30 June</u>		<u>Half-Year Ended 30 June</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	0.69 cents	1.53 cents	3.70 cents	5.32 cents
- on a fully diluted basis	0.69 cents	1.53 cents	3.70 cents	5.32 cents

Basic earnings per share is calculated on the Group’s profit of S\$0.580 million and S\$3.109 million respectively (2017: S\$1.284 million and S\$4.469 million respectively) after income tax expense divided by 84 million (2017: 84 million) ordinary shares.

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 June 2018</u>	<u>31 Dec 2017</u>	<u>30 June 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\$6.63	S\$6.65	S\$4.18	S\$4.20

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



## **8 REVIEW OF GROUP PERFORMANCE**

### Second quarter 2018 vs Second quarter 2017

The Group's revenue for the second quarter decreased by 1.3% from S\$14.127 million in 2017 to S\$13.945 million in 2018 mainly due to lower rental income in some of the Group's investment properties.

The Group made a profit after income tax of S\$0.580 million in second quarter 2018 as compared to S\$1.284 million in second quarter 2017. The decrease was mainly due to higher operating expenses offset by lower income tax expense.

### Half-year ended 30 June 2018 vs Half-year ended 30 June 2017

The Group's revenue for half-year ended 30 June 2018 increased by 1.1% from S\$30.293 million in 2017 to S\$30.634 million in 2018 mainly due to higher revenue in some of the Group's hotels.

The Group made a profit after income tax of S\$3.109 million for half-year ended 30 June 2018 as compared to S\$4.469 million for half-year ended 30 June 2017. The decrease was mainly due to higher operating expenses.

In the opinion of the Directors, no transaction has arisen between 30 June 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 in Singapore, Malaysia and Thailand remain highly competitive. 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 June 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 second quarter and half-year ended 30 June 2018 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Sin Chee Mei  
Company Secretary

10 August 2018