TRAVELITE HOLDINGS LTD.
(Registration No. 200511089K)

Half Year Financial Statement Announcement For The Six Months Ended 30 September 2018

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 6 months ended		
	Sep 2018 $'000	Sep 2017 $'000	+ / (-) %
Revenue	18,218	18,765	(2.9)
Cost of sales	(10,579)	(10,915)	(3.1)
Gross profit	7,639	7,850	(2.7)
Other items of income			
Interest income	48	69	(30.4)
Other gains	133	177	(24.9)
Other items of expense			
Marketing and distribution costs	(5,430)	(5,782)	(6.1)
Administrative expenses	(3,067)	(4,205)	(27.1)
Finance costs	(294)	(285)	3.2
Other losses	(299)	(69)	333.3
Share of profit from equity-accounted associate	–	8	(100.0)
Share of loss from equity-accounted joint venture	–	(23)	(100.0)
Loss before tax from continuing operations	(1,270)	(2,260)	(43.8)
Income tax expense	(84)	(95)	(11.6)
Loss from continuing operations, net of tax	(1,354)	(2,355)	(42.5)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	22	(66)	N.M.
Total comprehensive loss	(1,332)	(2,421)	(45.0)

	Group 6 months ended		
	Sep 2018 $'000	Sep 2017 $'000	+ / (-) %
Loss attributable to owners of the parent, net of tax:			
- from continuing operations	(1,007)	(1,870)	(46.1)
Loss attributable to non-controlling interests, net of tax:			
- from continuing operations	(347)	(485)	(28.5)
Loss net of tax	(1,354)	(2,355)	(42.5)
Total comprehensive loss attributable to owners of the parent	(985)	(1,936)	(49.1)
Total comprehensive loss attributable to non-controlling interests	(347)	(485)	(28.5)
Total comprehensive loss	(1,332)	(2,421)	(45.0)

N.M. denotes not meaningful

Notes on statement of comprehensive income

	Group 6 months ended	
	Sep 2018 $'000	Sep 2017 $'000
Other gains/(losses)		
Amortisation of other intangible assets	(17)	(17)
Foreign exchange adjustment gains	38	31
Gain on disposal of plant and equipment	17	2
Government grants received	78	77
Impairment loss on plant and equipment	–	(36)
Plant and equipment written off	–	(16)
Inventories (written off)/written back	(43)	2
(Allowance for)/ Reversal of impairment on inventories	(90)	65
Allowance for impairment on receivables	(149)	–
Net	(166)	108
Presented in profit or loss as:		
Other gains	133	177
Other losses	(299)	(69)
Net	(166)	108
Finance costs		
Interest expense	294	285

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

	Group			Company		
	2018			2018		
	30 Sep	31 Mar	+ / (-)	30 Sep	31 Mar	+ / (-)
	$'000	$'000	%	$'000	$'000	%
ASSETS						
Non-current assets						
Property, plant and equipment	21,707	21,999	(1.3)	20,123	20,393	(1.3)
Investment property	1,982	2,062	(3.9)	–	–	N.M.
Intangible assets	260	277	(6.1)	–	–	N.M.
Investments in subsidiaries	–	–	N.M.	12,734	12,734	0.0
Investment in associate	159	105	51.4	–	–	N.M.
Investment in joint arrangement	–	–	N.M.	–	–	N.M.
Deferred tax assets	13	1	N.M.	–	–	N.M.
Other receivables	260	278	(6.5)	–	–	N.M.
Total non-current assets	24,381	24,722	(1.4)	32,857	33,127	(0.8)
Current assets						
Inventories	12,905	11,726	10.1	–	–	N.M.
Trade and other receivables	14,872	13,710	8.5	2,398	2,207	8.7
Other assets	423	423	0.0	28	18	55.6
Cash and cash equivalents	4,860	6,279	(22.6)	1,603	1,836	(12.7)
Total current assets	33,060	32,138	2.9	4,029	4,061	(0.8)
Total assets	57,441	56,860	1.0	36,886	37,188	(0.8)
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	21,831	21,831	0.0	21,831	21,831	0.0
Treasury shares	(2)	(2)	0.0	(2)	(2)	0.0
Retained earnings/ (accumulated losses)	1,291	2,298	(43.8)	(5,047)	(5,016)	0.6
Other reserves	343	321	6.9	(82)	(82)	0.0
Equity, attributable to owners of the parent, total	23,463	24,448	(4.0)	16,700	16,731	(0.2)
Non-controlling interests	3,162	3,509	(9.9)	–	–	N.M.
Total equity	26,625	27,957	(4.8)	16,700	16,731	(0.2)

	Group			Company		
	2018			2018		
	30 Sep	31 Mar	+ / (-)	30 Sep	31 Mar	+ / (-)
	$'000	$'000	%	$'000	$'000	%
Non-current liabilities						
Provisions	165	180	(8.3)	–	–	N.M.
Deferred tax liabilities	168	150	12.0	60	36	66.7
Finance leases	23	58	(60.3)	–	–	N.M.
Other financial liabilities	10,843	11,170	(2.9)	10,843	11,170	(2.9)
Total non-current liabilities	11,199	11,558	(3.1)	10,903	11,206	(2.7)
Current liabilities						
Income tax payable	142	114	24.6	16	–	N.M.
Trade and other payables	7,311	4,863	50.3	1,106	1,085	1.9
Finance leases	70	90	(22.2)	–	–	N.M.
Other financial liabilities	12,094	12,278	(1.5)	8,161	8,166	(0.1)
Total current liabilities	19,617	17,345	13.1	9,283	9,251	0.3
Total liabilities	30,816	28,903	6.6	20,186	20,457	(1.3)
Total equity and liabilities	57,441	56,860	1.0	36,886	37,188	(0.8)

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

	Group			
	2018			
	30 Sep		31 Mar	
	Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
a) Aggregate repayable in one year or less, or on demand	8,231	3,933	8,256	4,112
b) Amount payable after one year	10,866	–	11,228	–

The facilities are secured or covered by:

1) First legal mortgages on leasehold properties held by the Company and a subsidiary.
2) Assignment of rental proceeds from the leasehold properties held by the Company and a subsidiary.
3) Corporate guarantee from certain subsidiaries in favour of the lender of the Company.
4) Corporate guarantee from the Company in favour of lenders of certain subsidiaries.
5) Negative pledge on the assets of a subsidiary.
6) The obligation under finance leases are secured over the leased assets.

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

	Group 6 months ended	
	Sep 2018	Sep 2017
	$'000	$'000
Cash flows from operating activities		
Loss before tax	(1,270)	(2,260)
Adjustments for:		
Interest income	(48)	(69)
Interest expense	294	285
Share of profit from equity-accounted associate	–	(8)
Share of loss from equity-accounted joint venture	–	23
Depreciation of property, plant and equipment	651	726
Depreciation of investment property	80	–
Impairment of plant and equipment	–	36
Amortisation of other intangible assets	17	17
Gain on disposal of plant and equipment	(17)	(2)
Plant and equipment written off	–	16
Provisions	25	(3)
Operating cash flows before changes in working capital	(268)	(1,239)
Inventories	(1,179)	(3,952)
Trade and other receivables	(1,133)	2,603
Other assets	–	265
Trade and other payables	2,406	3,055
Provisions	(40)	–
Net cash flows (used in)/from operations before interest and tax	(214)	732
Income tax paid	(48)	(84)
Net cash flows (used in)/from operating activities	(262)	648
Cash flows from investing activities		
Disposal of plant and equipment	36	5
Purchase of plant and equipment	(378)	(1,549)
Increase in investment in an associate	(54)	–
Disposal of assets held for sale	–	671
Interest received	48	69
Net cash flows used in investing activities	(348)	(804)
Cash flows from financing activities		
Finance lease repayments	(55)	(76)
Decrease in other financial liabilities	(366)	(1,158)
Interest paid	(294)	(285)
Net cash flows used in financing activities	(715)	(1,519)

	Group 6 months ended	
	Sep 2018	Sep 2017
	$'000	$'000
Net decrease in cash and cash equivalents	(1,325)	(1,675)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	6,065	6,003
Net effect of exchange rate changes on cash and cash equivalents	51	(31)
Cash and cash equivalents, consolidated statement of cash flows, ending balance	4,791	4,297
Analysis of cash and cash equivalents for consolidated statement of cash flows:		
Cash and cash equivalents	4,860	4,416
Overdrafts	(69)	(119)
Cash and cash equivalents for consolidated statement of cash flows purposes	4,791	4,297

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.

						Other reserves			
	Total equity	Attributable to parent sub-total	Share capital	Retained earnings (accumulated losses)	Treasury shares	Foreign currency translation reserve	Gain/ loss on acquisition or disposal of NCI	Loss on reissuance of treasury shares	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group									
Balance at 1 April 2018	27,957	24,448	21,831	2,298	(2)	155	248	(82)	3,509
Movements in equity:									
Total comprehensive (loss)/income for the period	(1,332)	(985)	–	(1,007)	–	22	–	–	(347)
Balance at 30 September 2018	26,625	23,463	21,831	1,291	(2)	177	248	(82)	3,162
Balance at 1 April 2017	29,627	25,856	21,831	3,264	(2)	597	248	(82)	3,771
Movements in equity:									
Total comprehensive loss for the period	(2,421)	(1,936)	–	(1,870)	–	(66)	–	–	(485)
Balance at 30 September 2017	27,206	23,920	21,831	1,394	(2)	531	248	(82)	3,286
The Company									
Balance at 1 April 2018	16,731	16,731	21,831	(5,016)	(2)	–	–	(82)	–
Movements in equity:									
Total comprehensive loss for the period	(31)	(31)	–	(31)	–	–	–	–	–
Balance at 30 September 2018	16,700	16,700	21,831	(5,047)	(2)	–	–	(82)	–
Balance at 1 April 2017	16,412	16,412	21,831	(5,335)	(2)	–	–	(82)	–
Movements in equity:									
Total comprehensive loss for the period	(721)	(721)	–	(721)	–	–	–	–	–
Balance at 30 September 2017	15,691	15,691	21,831	(6,056)	(2)	–	–	(82)	–

1 (d) (ii) Details of any changes in the company's share capital arising from right 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 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 has been no change in the Company's share capital during the period ended 30 September 2018.

The number of shares held as treasury shares as at 30 September 2018 and 30 September 2017 was 7,800 (0.01%).

There were no outstanding convertibles or subsidiary holdings as at 30 September 2018 and 30 September 2017.

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.

The total number of issued shares excluding treasury shares as at the end of current financial period was 63,098,409 (31 March 2018: 63,098,409).

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.

No treasury shares were sold, transferred, cancelled or used during the period ended 30 September 2018.

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

Not applicable as there were no subsidiary holdings.

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.

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.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I) issued by the ASC, and IFRS issued by the IASB.

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared with the audited financial statements as at 31 March 2018 except for the adoption of the new/revised SFRS(I) applicable for the financial period beginning 1 April 2018 as follows:

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*
SFRS(I) 9 *Financial Instruments*
SFRS(I) 15 *Revenue from Contracts with Customers*

The adoption of these SFRS(I) does not have any significant impact on the Group's financial statements.

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

Please refer to paragraph 4 above.

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

	Group	
	Sep 2018	Sep 2017
Loss per share (in cents)		
Continuing operations:		
- Basic and diluted	(1.6)	(2.96)

7 Net asset value (for the issuer and group) per ordinary share based on total number issued share capital excluding treasury shares of the issuer at end of the current financial period reported on and immediately preceding financial year.

	Group 2018		Company 2018	
	30 Sep	31 Mar	30 Sep	31 Mar
Net asset value per share (in cents)	42.2	44.3	26.5	26.5
Net assets (including non-controlling interest) ($'000)	26,625	27,957	16,700	16,731
Number of shares used in calculating net asset value per share ('000)	63,098	63,098	63,098	63,098

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(A) Commentary on The Statement of Comprehensive Income of The Group

(i) **Revenue**

Revenue fell by 2.9% year-on-year. Excluding the subsidiary disposed of in October 2017 (the "**Disposal**"), the Group's revenue grew by 1.7%.

(ii) **Gross Profit**

The gross profit margin maintained stable at 41.9% in 1H FY2019 compared to 41.8% in the preceding year.

(iii) **Other Gains**

The other gains of $133,000 (1H FY2018: $177,000) include government grants received of $78,000 (1H FY2018: $77,000), and foreign exchange adjustment gains of $38,000 (1H FY2018: $31,000).

(iv) **Marketing and Distribution Costs and Administrative Expenses**

Operating expenses shed $1.5 million as a result of manpower rationalisation and the Disposal. Besides, the Group spent approximately $0.2 million in one-off relocation expenses last year.

(v) **Other Losses**

Impairment losses on receivables and plant and equipment totalling $239,000 (1H FY2018: nil) made up the bulk of the other losses of $299,000.

(vi) **Share of Loss from Equity-Accounted Associate and Joint Venture**

The Group did not share losses of the investees in excess of the Group's interest in them.

(B) Commentary on The Consolidated Statements of Financial Position and Statement of Cash Flows

(i) During the year, the Group injected $54,000 into an associate to fund its expansion of operations.

(ii) The Group recorded larger deferred tax assets this year arising from unrealised profits included in inventories.

(iii) The Group's inventories were $1.2 million more as a result of bulk purchases in preparation for festive seasons in 2H FY2019. Stock turnover days maintained in the region of 7 to 8 months.

(iv) The Group's trade and other receivables rose by $1.2 million primarily due to longer trade credit taken by certain customers of the Group. Debtors' turnover days stood at 4.5 months.

(v) Trade and other payables increased by $2.4 million or 50.3% from the balance as at March 2018 due to purchases made close to period end. Creditors' turnover days improved from 95 days to 78 days year-on-year.

(vi) Repayments of term loans of $0.3 million and lower utilisation of overdrafts and bills payable by $0.2 million led to the reduction of $0.5 million in total other financial liabilities. $7.5 million out of the Group's and the Company's current other financial liabilities was loans without fixed tenures and may be rolled over upon maturity for extended tenures i.e. revolving tenures.

(vii) The Group saw a deficit in operating cash flows of $0.3 million mainly due to the build-up in trade receivables.

(viii) As at 30 September 2018, the Group's cash and cash equivalents of $4.8 million was sufficient for its ongoing operations.

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

On 7 November 2018, the Group issued a profit warning that the Group expects to register a net loss for 1H FY2019. This was mainly due to lower demand for the Group's products and smaller passive income from royalty. The Group nonetheless, achieved significant reduction in operating expenses by $1.5 million through group-wide rationalization of manpower and the disposal of a loss-making menswear retail company in Malaysia in 2H FY2018, thus narrowing the post-tax loss by $1 million to $1.4 million compared to the half year ended 30 September 2017.

The net loss suffered in 1H FY2019 is consistent with the above announcement released.

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.

Singapore's 2018 GDP growth forecast remains subdued at between 2.5% and 3.5%, partly due to the escalating trade conflicts between the United States and other major economies. Malaysia and Indonesia have cut their 2018 GDP growth forecasts to 5% and 5.14% respectively, partially owing to reduced public spending. The Group also faces headwinds in its largest export market from the sharp weakening in rupiah to hit a record low against US dollar since 1998.

On 12 October 2018, Demarco Pte Ltd, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Delsey Singapore Pte. Ltd. ("**DSG**") and Delsey Luggage Malaysia Sdn. Bhd. ("**DMY**") to acquire the assets and inventory of DSG and DMY for the purpose of carrying on the retail and wholesale distribution business of Delsey luggage and travel accessory products in Singapore and Malaysia.

Having rationalised its manpower, the Group will continue to focus on its core business, drive productivity and seek new opportunities in overseas markets.

11 Dividends:

(a) Current financial period reported on

No dividend has been declared for this current financial period reported on.

(b) Corresponding period of the immediately preceding financial year

No dividend has been declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for this current financial period reported on.

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

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

14 Negative confirmation pursuant to Rule 705 (5)

To the best of our knowledge, nothing material has come to the attention of the Board which may render the financial period results ended 30 September 2018 to be false or misleading in any material aspect.

15 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 its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

YEO TOON WEE
Executive Director
13 November 2018