



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 2016

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 2016.

1(a) CONSOLIDATED STATEMENT OF PROFIT OR LOSS 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>2016</u>	<u>2015</u>	<u>+ / (-)</u>	<u>2016</u>	<u>2015</u>	<u>+ / (-)</u>
<u>Notes</u>		<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
	Revenue	13,291	13,830	(3.9)	28,510	29,161	(2.2)
	Cost of sales	(6,931)	(7,402)	(6.4)	(13,994)	(14,669)	(4.6)
	Gross profit	6,360	6,428	(1.1)	14,516	14,492	0.2
	Other income	51	82	(37.8)	400	908	(55.9)
	Distribution costs	(188)	(305)	(38.4)	(328)	(602)	(45.5)
	Administrative expenses	(3,788)	(3,691)	2.6	(7,615)	(7,782)	(2.1)
	Other expenses	(284)	(264)	7.6	(782)	(614)	27.4
	Finance costs	(1,165)	(1,307)	(10.9)	(2,434)	(2,624)	(7.2)
	Profit before income tax	986	943	4.6	3,757	3,778	(0.6)
	Income tax expense	(517)	(231)	>100	(1,109)	(899)	23.4
	Profit for the period attributable to owners of the Company	469	712	(34.1)	2,648	2,879	(8.0)

**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>2016</u>	<u>2015</u>	<u>+/-</u>	<u>2016</u>	<u>2015</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	469	712	(34.1)	2,648	2,879	(8.0)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Available-for-sale investments:						
Fair value loss recognised in fair value reserve	(188)	(234)	(19.7)	(176)	(553)	(68.2)
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	2	51	(96.1)	27	372	(92.7)
Exchange loss on translation of foreign operations	(350)	(10,061)	(96.5)	(662)	(8,981)	(92.6)
Total	(536)	(10,244)	(94.8)	(811)	(9,162)	(91.1)
Total comprehensive (loss) income for the period attributable to owners of the Company	(67)	(9,532)	(99.3)	1,837	(6,283)	>100

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>2016</u>	<u>2015</u>	<u>+ / (-)</u>	<u>2016</u>	<u>2015</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	7,692	8,126	(5.3)	17,039	17,629	(3.3)
Food and beverages revenue	2,063	2,033	1.5	4,285	4,308	(0.5)
Spa revenue	233	197	18.3	512	453	13.0
Rental income from:						
Investment properties	2,068	2,217	(6.7)	4,140	4,357	(5.0)
Other properties	716	720	(0.6)	1,454	1,430	1.7
Car park revenue	277	291	(4.8)	664	592	12.2
Interest income from outside parties	34	55	(38.2)	64	105	(39.0)
Dividend income from:						
Quoted equity investments (gross)	144	146	(1.4)	184	185	(0.5)
Others	64	45	42.2	168	102	64.7
Total	13,291	13,830	(3.9)	28,510	29,161	(2.2)

Room revenue

Group room revenue for second quarter and first half-year of 2016 decreased by 5.3% and 3.3% respectively as compared to the corresponding periods in 2015. This was mainly due to lower room occupancy and lower room rates in some of the Group's hotels. The weakened Malaysian ringgit against Singapore dollar also contributed to the decrease.

Food and beverages revenue

The increase in food and beverages revenue for second quarter 2016 as compared to second quarter 2015 was mainly due to higher food and beverage sales in some of the Group's hotels. However, food and beverage revenue decreased for first half-year 2016 as compared to first half-year 2015 mainly due to weakened Malaysian ringgit against Singapore dollar.

Rental income from investment properties

Rental income from investment properties decreased for second quarter and first half-year of 2016 as compared to corresponding periods in 2015 mainly due to lower occupancy in New Zealand properties. The weakened New Zealand dollar and Malaysian ringgit against Singapore dollar also contributed to the decrease.

2. Cost of sales

The decrease was mainly due to lower costs in some of the Group's subsidiaries. The weakened Malaysian ringgit and New Zealand dollar against Singapore dollar also contributed to the decrease.

3. Other income

Other income comprise mainly gain on disposal of available-for-sale investments, fair value gain on held-for-trading investments, gain on disposal of property, plant and equipment, foreign exchange gain and other miscellaneous income.

The decrease for second quarter and first half-year of 2016 as compared to corresponding periods in 2015 was mainly due to lower fair value gain on held-for-trading investments and lower gain on disposal of available-for-sale investments.

4. Administrative expenses

The increase for second quarter 2016 as compared to second quarter 2015 was mainly due to higher costs in some of the Group's subsidiaries. However, the decrease for first-half year of 2016 as compared to first-half year of 2015 was mainly due to weakened Malaysian ringgit and New Zealand dollar against Singapore dollar.

5. Other expenses

Other expenses comprise mainly foreign exchange loss, impairment loss on available-for-sale investments and other miscellaneous expenses.

The increase for second quarter and first half-year of 2016 as compared to the corresponding periods in 2015 was mainly due to higher impairment loss on available-for-sale investments.

6. Finance costs

The decrease for second quarter and first half-year of 2016 as compared to the corresponding periods in 2015 was mainly due to repayment of bank loans by some of the Group's subsidiaries.

7. 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>2016</u>	<u>2015</u>	<u>+ / (-)</u>	<u>2016</u>	<u>2015</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	2,614	2,519	3.8	4,694	4,669	0.5
Impairment loss on available-for-sale investments	49	-	100.0	225	-	100.0
Allowance for doubtful receivables	-	-	-	-	27	(100.0)
Allowance for doubtful receivables no longer required	-	(13)	(100.0)	(9)	(47)	(80.9)
Fair value gain on held-for-trading investments	(5)	(24)	(79.2)	(8)	(89)	(91.0)
Net foreign exchange loss	224	439	(49.0)	230	504	(54.4)
Gain on disposal of available-for-sale investments	(9)	(51)	(82.4)	(37)	(372)	(90.1)
(Gain) loss on disposal of property, plant and equipment	(27)	1	>100	(26)	8	>100

Net foreign exchange loss

The Group made lower net foreign exchange loss for second quarter and first half-year of 2016 as compared to corresponding periods in 2015 mainly due to disposal of some available-for-sale and held-for-trading investments in 2015.

Gain on disposal of available-for-sale investments

The lower gain on disposal of available-for-sale investments for second quarter and first half-year of 2016 as compared to corresponding periods in 2015 was mainly due to less disposal of available-for-sale investments.

8. Income tax expense

Income tax expense increased for second quarter and first half-year of 2016 as compared to corresponding periods in 2015 was mainly due to higher tax for a New Zealand subsidiary which has achieved a higher profit notwithstanding lower occupancy of properties because of lower operating expenses.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>30 June 16</u>	<u>31 Dec 15</u>	<u>30 June 16</u>	<u>31 Dec 15</u>
		<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
<u>ASSETS</u>					
Current assets					
Cash and bank balances	9	11,891	17,037	1,604	2,770
Held-for-trading investments	10	6,527	3,743	609	620
Available-for-sale investments		7,963	8,230	1,649	1,697
Trade receivables	11	2,786	4,022	890	1,322
Other receivables, deposits and prepaid expenses	12	1,836	1,584	170	258
Inventories		770	772	96	136
Income tax recoverable		10	7	-	-
Total current assets		31,783	35,395	5,018	6,803
Non-current assets					
Subsidiaries		-	-	166,429	162,473
Available-for-sale investments		3,417	3,434	1,075	1,088
Other assets	13	1,640	1,129	-	-
Goodwill		1,737	1,783	-	-
Property, plant and equipment		587,296	588,808	243,943	243,073
Investment properties	14	92,795	93,492	24,216	24,443
Total non-current assets		686,885	688,646	435,663	431,077
Total assets		718,668	724,041	440,681	437,880
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	15	20,443	19,814	-	-
Trade payables		4,919	4,927	2,969	2,973
Other payables	16	3,491	3,823	2,606	2,933
Current portion of finance lease		24	20	-	-
Income tax payable		2,124	2,369	812	1,207
Total current liabilities		31,001	30,953	6,387	7,113
Non-current liabilities					
Long-term bank loans	15	134,477	137,345	59,164	58,164
Retirement benefit obligations		644	598	-	-
Finance lease		-	14	-	-
Deferred tax liabilities		19,362	19,549	724	724
Other payables		75	110	30,504	26,807
Total non-current liabilities		154,558	157,616	90,392	85,695
Capital and reserves					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		352,360	352,360	210,108	210,108
Employee benefit reserve		171	171	-	-
Fair value reserve	17	1,581	1,730	499	460
Translation reserve	18	(15,285)	(14,623)	-	-
Retained earnings		93,844	95,396	32,857	34,066
Total equity		533,109	535,472	343,902	345,072
Total liabilities and equity		718,668	724,041	440,681	437,880

9. Cash and bank balances

The decrease was mainly due to repayment of bank loans, purchase of held-for-trading investments and plant and equipment in some of the Group's subsidiaries.

10. Held-for-trading investments

The increase was mainly due to purchase of held-for-trading investments.

11. Trade receivables

The decrease was mainly due to lower sales in some of the Group's subsidiaries and prompt collection from trade receivables.

12. Other receivables, deposits and prepaid expenses

The increase mainly arose from prepaid insurance premium in the New Zealand subsidiary and prepaid property tax in a Malaysia subsidiary.

13. Other assets

The increase mainly arose from deposits made for renovation works at the Burasari Resort in Phuket.

14. Investment properties

The decrease mainly arose from translation loss in New Zealand subsidiary due to weakening of New Zealand dollar against Singapore dollar.

15. Bank loans

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

The increase in current bank loans and decrease in long-term bank loans was mainly due to part of long-term loan becoming due for payment within 12 months and also due to repayment of bank loans.

16. Other payables

The decrease mainly arose from lower purchases as well as prompt payments made to payables in some of the Group's subsidiaries.

17. Fair value reserve

The decrease was mainly due to weakened stock market conditions.

18. Translation reserve

The increase in negative translation reserve from S\$14.623 million as at 31 December 2015 to S\$15.285 million as at 30 June 2016 was mainly due to loss on translating the net assets of Malaysian subsidiaries, Thailand subsidiaries and a New Zealand subsidiary into Singapore dollar as Malaysian ringgit, Thai baht and New Zealand dollar had weakened 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 June 2016</u>		<u>As at 31 Dec 2015</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
20,443	-	19,814	-

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

<u>As at 30 June 2016</u>		<u>As at 31 Dec 2015</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
134,477	-	137,345	-

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 30</u>		<u>Half-Year Ended 30</u>	
	<u>June</u>		<u>June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Operating activities:				
Profit before income tax	986	943	3,757	3,778
Adjustments for:				
Depreciation expense	2,614	2,519	4,694	4,669
Dividend income	(144)	(146)	(184)	(185)
Interest income	(34)	(55)	(64)	(105)
Interest expense	1,165	1,307	2,434	2,624
Allowance for doubtful receivables	-	-	-	27
Allowance for doubtful receivables no longer required	-	(13)	(9)	(47)
Impairment loss on available-for-sale investments	49	-	225	-
Gain on disposal of available-for-sale investments	(9)	(51)	(37)	(372)
Fair value gain on held-for-trading investments	(5)	(24)	(8)	(89)
(Gain) loss on disposal of property, plant and equipment	(27)	1	(26)	8
Operating cash flows before movements in working capital	4,595	4,481	10,782	10,308
Available-for-sale investments	19	57	188	(50)
Held-for-trading investments	(2,521)	224	(2,775)	165
Trade and other receivables	987	510	482	2,513
Inventories	(49)	68	2	(249)
Trade and other payables	5	(262)	(374)	(761)
Cash generated from operations	3,036	5,078	8,305	11,926
Interest paid	(1,165)	(1,307)	(2,434)	(2,624)
Interest received	34	55	64	105
Dividend received	144	146	184	185
Income tax paid – net of refund	(578)	(4,153)	(1,748)	(4,441)
Net cash from (used in) operating activities	1,471	(181)	4,371	5,151
Investing activities:				
Purchase of available-for-sale investments	(301)	(1,516)	(684)	(1,543)
Proceeds from disposal of available-for-sale investments	47	1,048	442	1,863
Purchase of property, plant and equipment	(2,151)	(3,496)	(3,207)	(9,597)
Addition to investment properties	(280)	(98)	(314)	(915)
Proceeds from disposal of property, plant and equipment	43	2	43	3
Acquisition of the Baba House	-	-	-	(9,943)
Net cash used in investing activities	(2,642)	(4,060)	(3,720)	(20,132)

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 30</u>		<u>Half-Year Ended 30</u>	
	<u>June</u>		<u>June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financing activities:				
Proceeds from bank loans	1,838	8,276	2,691	20,867
Repayment of bank loans	(1,417)	(3,273)	(4,290)	(9,061)
Repayment of finance lease	(6)	(10)	(10)	(18)
Dividends paid	(4,200)	(4,200)	(4,200)	(4,200)
Net cash (used in) from financing activities	<u>(3,785)</u>	<u>793</u>	<u>(5,809)</u>	<u>7,588</u>
Net decrease in cash and cash equivalents	(4,956)	(3,448)	(5,158)	(7,393)
Cash and cash equivalents at beginning of period	17,737	17,308	17,037	17,834
Effect of currency exchange adjustment	(890)	2,852	12	6,271
Cash and cash equivalents at end of period	<u>11,891</u>	<u>16,712</u>	<u>11,891</u>	<u>16,712</u>

Cash and cash equivalents consist of:

	<u>As at 30 June</u>	
	<u>2016</u>	<u>2015</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	377	143
Cash at bank	10,102	15,092
Fixed deposits	1,412	1,477
Total	<u>11,891</u>	<u>16,712</u>

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

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 2015	100,438	339,497	171	3,228	(2,097)	96,703	537,940
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,167	2,167
Other comprehensive income for the period	-	-	-	2	1,080	-	1,082
Total	-	-	-	2	1,080	2,167	3,249
Balance at 31 March 2015	100,438	339,497	171	3,230	(1,017)	98,870	541,189
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	712	712
Other comprehensive income for the period	-	-	-	(183)	(10,061)	-	(10,244)
Total	-	-	-	(183)	(10,061)	712	(9,532)
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Balance at 30 June 2015	100,438	339,497	171	3,047	(11,078)	95,382	527,457

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 2016	100,438	352,360	171	1,730	(14,623)	95,396	535,472
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,179	2,179
Other comprehensive income for the period	-	-	-	37	(312)	-	(275)
Total	-	-	-	37	(312)	2,179	1,904
Balance at 31 March 2016	100,438	352,360	171	1,767	(14,935)	97,575	537,376
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	469	469
Other comprehensive income for the period	-	-	-	(186)	(350)	-	(536)
Total	-	-	-	(186)	(350)	469	(67)
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Balance at 30 June 2016	100,438	352,360	171	1,581	(15,285)	93,844	533,109

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 2015	100,438	206,108	642	30,887	338,075
Total comprehensive income for the period					
Profit for the period	-	-	-	1,920	1,920
Other comprehensive income for the period	-	-	(41)	-	(41)
Total	-	-	(41)	1,920	1,879
Balance at 31 March 2015	100,438	206,108	601	32,807	339,954
Total comprehensive income for the period					
Profit for the period	-	-	-	1,504	1,504
Other comprehensive income for the period	-	-	(11)	-	(11)
Total	-	-	(11)	1,504	1,493
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
Balance at 30 June 2015	100,438	206,108	590	30,111	337,247

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 2016	100,438	210,108	460	34,066	345,072
Total comprehensive income for the period					
Profit for the period	-	-	-	1,804	1,804
Other comprehensive income for the period	-	-	11	-	11
Total	-	-	11	1,804	1,815
Balance at 31 March 2016	100,438	210,108	471	35,870	346,887
Total comprehensive income for the period					
Profit for the period	-	-	-	1,187	1,187
Other comprehensive income for the period	-	-	28	-	28
Total	-	-	28	1,187	1,215
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
Balance at 30 June 2016	100,438	210,108	499	32,857	343,902

1(d)(ii) SHARE CAPITAL

	<u>30 June 2016</u>	<u>31 Dec 2015</u>	<u>30 June 2016</u>	<u>31 Dec 2015</u>
	<u>Number of ordinary shares</u> <u>'000</u>		<u>\$'000</u>	<u>\$'000</u>
Issued and paid-up capital:				
Balance at beginning and end of period	<u>84,000</u>	<u>84,000</u>	<u>100,438</u>	<u>100,438</u>

There are no changes in the share capital since the end of the previous period reported on.

1(d)(iii) TREASURY SHARES

There are no treasury shares.

2 AUDIT

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

3 AUDITORS' REPORT

Not applicable.

4 ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recently audited annual financial statements as at 31 December 2015.

5 CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policies 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.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>		<u>Group</u>	
	<u>Second Quarter Ended 30 June</u>		<u>Half-Year Ended 30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	0.56 cents	0.85 cents	3.15 cents	3.43 cents
- on a fully diluted basis	0.56 cents	0.85 cents	3.15 cents	3.43 cents

Basic earnings per share is calculated on the Group's profit of S\$0.469 million and S\$2.648 million respectively (2015: S\$0.712 million and S\$2.879 million respectively) after income tax expense divided by 84 million (2015: 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 2016</u>	<u>31 Dec 2015</u>	<u>30 June 2016</u>	<u>31 Dec 2015</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$6.35	S\$6.37	S\$4.09	S\$4.11

The NAV per share as at 30 June 2016 and 31 December 2015 were calculated based on the number of shares in issue of 84 million ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Second quarter 2016 vs Second quarter 2015

The Group's revenue for the second quarter decreased by 3.9% or S\$0.539 million from S\$13.830 million in 2015 to S\$13.291 million in 2016 mainly due to lower room occupancy and lower room rates in some of the Group's hotels.

The Group made a profit after income tax of S\$0.469 million in second quarter 2016 as compared to S\$0.712 million in second quarter 2015. The decrease was mainly due to higher taxable income in a New Zealand subsidiary, lower revenue in some of the Group's subsidiaries offset by lower finance costs. The weakened Thai baht, New Zealand dollar and Malaysian ringgit against Singapore dollar also contributed to the decrease.

First half-year of 2016 vs first half-year of 2015

The Group's revenue for first half-year decreased by 2.2% or S\$0.651 million from S\$29.161 million in 2015 to S\$28.510 million in 2016 mainly due to lower room occupancy and lower room rates in some of the Group's hotels.

The Group made a profit after income tax of S\$2.648 million in first half-year 2016 as compared to S\$2.879 million in first half-year 2015. The decrease was mainly due to higher taxable income in a New Zealand subsidiary, lower revenue in some of the Group's subsidiaries offset by lower finance costs. The weakened Thai baht, New Zealand dollar and Malaysian ringgit against Singapore dollar also contributed to the decrease.

In the opinion of the Directors, no transaction has arisen between 30 June 2016 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 second half of 2016 will be equally challenging as the first half of 2016. With the increased competition in the hospitality industry in Singapore, Malaysia and Thailand, the Group expects more challenges in the year ahead. We will monitor our room occupancy and room rates in order to expand our customer base and enlarge our share of tourist arrivals.

The Group will continue to actively upgrade the properties in New Zealand to maximize their rental income so as to protect market share and grow its revenue base.

The Group's managed fund portfolio will be affected by world events such as the recent BREXIT and the terrorist attacks in Europe.

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, as well as changes in the market values of the investments in our investment portfolio.

11 DIVIDEND

(a) Current Financial Period Reported On

No interim dividend is recommended for the current period ended 30 June 2016.

(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 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

12 August 2016