TRAVELITE HOLDINGS LTD.
(Registration No. 200511089K)

Half Year Financial Statement Announcement For The Six Months Ended 30 September 2017

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 2017 $'000	Restated Sep 2016 $'000	+ / (-) %
Revenue	18,765	18,912	(0.8)
Cost of sales	(10,915)	(11,056)	(1.3)
Gross profit	7,850	7,856	(0.1)
Other items of income			
Interest income	69	53	30.2
Other gains	177	203	(12.8)
Other items of expense			
Marketing and distribution costs	(5,782)	(5,785)	(0.1)
Administrative expenses	(4,205)	(3,123)	34.6
Finance costs	(285)	(48)	493.8
Other losses	(69)	(344)	(79.9)
Share of profit from equity-accounted associate	8	–	N.M.
Share of loss from equity-accounted joint venture	(23)	(7)	228.6
Loss before tax from continuing operations	(2,260)	(1,195)	89.1
Income tax expense	(95)	(146)	(34.9)
Loss from continuing operations, net of tax	(2,355)	(1,341)	75.6
Profit from discontinued operations, net of tax	–	324	(100.0)
Loss net of tax	(2,355)	(1,017)	131.6
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	(66)	154	N.M.
Total comprehensive loss	(2,421)	(863)	180.5

	Group 6 months ended		
	Sep 2017 $'000	Restated Sep 2016 $'000	+ / (-) %
(Loss) profit attributable to owners of the parent, net of tax:			
- from continuing operations	(1,870)	(1,016)	84.1
- from discontinued operations	–	324	(100.0)
	(1,870)	(692)	170.2
Loss attributable to non-controlling interests, net of tax:			
- from continuing operations	(485)	(325)	49.2
Loss net of tax	(2,355)	(1,017)	131.6
Total comprehensive loss attributable to owners of the parent	(1,936)	(538)	259.9
Total comprehensive loss attributable to non-controlling interests	(485)	(325)	49.2
Total comprehensive loss	(2,421)	(863)	180.5

N.M. denotes not meaningful

Notes on statement of comprehensive income

	Group 6 months ended	
	Sep 2017 $'000	Restated Sep 2016 $'000
Other gains (losses)		
Amortisation of other intangible assets	(17)	(17)
Foreign exchange adjustment gains (losses)	31	(304)
Gain (Loss) on disposal of plant and equipment	2	(18)
Government grants received	77	140
Impairment loss on plant and equipment	(36)	–
Plant and equipment written off	(16)	–
Inventories written back (written off)	2	(5)
Reversal of allowance for impairment on inventories	65	63
Net	108	(141)
Presented in profit or loss as:		
Other gains	177	203
Other losses	(69)	(344)
Net	108	(141)
Finance costs		
Interest expense	285	48

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		
	2017			2017		
	30 Sep	31 Mar	+ / (-)	30 Sep	31 Mar	+ / (-)
	$'000	$'000	%	$'000	$'000	%
ASSETS						
Non-current assets						
Property, plant and equipment	24,570	23,800	3.2	20,680	20,075	3.0
Intangible assets	295	312	(5.4)	–	–	N.M.
Investments in subsidiaries	–	–	N.M.	12,734	12,734	0.0
Investment in associate	8	–	N.M.	–	–	N.M.
Investment in joint arrangement	–	23	(100.0)	–	–	N.M.
Deferred tax assets	3	4	(25.0)	–	–	N.M.
Other receivables	326	335	(2.7)	–	–	N.M.
Total non-current assets	25,202	24,474	3.0	33,414	32,809	1.8
Current assets						
Assets held for sale	–	2,146	(100.0)	–	–	N.M.
Inventories	15,076	11,124	35.5	–	–	N.M.
Trade and other receivables	15,329	16,452	(6.8)	1,258	2,583	(51.3)
Other assets	549	814	(32.6)	30	43	(30.2)
Cash and cash equivalents	4,416	6,029	(26.8)	1,397	1,494	(6.5)
Total current assets	35,370	36,565	(3.3)	2,685	4,120	(34.8)
Total assets	60,572	61,039	(0.8)	36,099	36,929	(2.2)
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)	1,394	3,264	(57.3)	(6,056)	(5,335)	13.5
Other reserves	697	763	(8.7)	(82)	(82)	0.0
Equity, attributable to owners of the parent, total	23,920	25,856	(7.5)	15,691	16,412	(4.4)
Non-controlling interests	3,286	3,771	(12.9)	–	–	N.M.
Total equity	27,206	29,627	(8.2)	15,691	16,412	(4.4)

	Group			Company		
	2017			2017		
	30 Sep	31 Mar	+ / (-)	30 Sep	31 Mar	+ / (-)
	$'000	$'000	%	$'000	$'000	%
Non-current liabilities						
Provisions	136	139	(2.2)	–	–	N.M.
Deferred tax liabilities	177	123	43.9	59	–	N.M.
Finance leases	93	136	(31.6)	–	–	N.M.
Other financial liabilities	10,599	10,837	(2.2)	10,599	10,837	(2.2)
Total non-current liabilities	11,005	11,235	(2.0)	10,658	10,837	(1.7)
Current liabilities						
Income tax payable	291	330	(11.8)	–	–	N.M.
Trade and other payables	8,676	5,593	55.1	1,256	987	27.3
Finance leases	125	158	(20.9)	15	32	(53.1)
Other financial liabilities	13,269	14,096	(5.9)	8,479	8,661	(2.1)
Total current liabilities	22,361	20,177	10.8	9,750	9,680	0.7
Total liabilities	33,366	31,412	6.2	20,408	20,517	(0.5)
Total equity and liabilities	60,572	61,039	(0.8)	36,099	36,929	(2.2)

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

	Group			
	2017			
	30 Sep		31 Mar	
	Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
a) Aggregate repayable in one year or less, or on demand	8,605	4,789	8,819	5,435
b) Amount payable after one year	10,692	–	10,973	–

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	
		Restated
	Sep 2017	Sep 2016
	$'000	$'000
Cash flows from operating activities		
Loss before tax	(2,260)	(1,195)
Adjustments for:		
Interest income	(69)	(53)
Interest expense	285	48
Share of profit from equity-accounted associate	(8)	–
Share of loss from equity-accounted joint venture	23	7
Depreciation of property, plant and equipment	726	341
Impairment of plant and equipment	36	–
Amortisation of other intangible assets	17	17
(Gain) Loss on disposal of plant and equipment	(2)	18
Plant and equipment written off	16	–
Provisions	(3)	48
Cash flows from discontinued operating activities	–	357
Operating cash flows before changes in working capital	(1,239)	(412)
Inventories	(3,952)	(2,056)
Trade and other receivables	2,603	87
Other assets	265	102
Trade and other payables	3,055	692
Provisions	–	(6)
Net cash flows from (used in) operations before interest and tax	732	(1,593)
Income tax paid	(84)	28
Net cash flows from (used in) operating activities	648	(1,565)
Cash flows from investing activities		
Disposal of plant and equipment	5	2
Purchase of plant and equipment	(1,549)	(585)
Disposal of assets held for sale	671	–
Cash restricted in use	–	969
Interest received	69	53
Net cash flows (used in) from investing activities	(804)	439
Cash flows from financing activities		
Finance lease repayments	(76)	(82)
Decrease in other financial liabilities	(1,158)	(990)
Interest paid	(285)	(48)
Net cash flows used in financing activities	(1,519)	(1,120)

	Group 6 months ended	
		Restated
	Sep 2017	Sep 2016
	$'000	$'000
Net decrease in cash and cash equivalents	(1,675)	(2,246)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	6,003	10,331
Net effect of exchange rate changes on cash and cash equivalents	(31)	(15)
Cash and cash equivalents, consolidated statement of cash flows, ending balance	4,297	8,070
Analysis of cash and cash equivalents for consolidated statement of cash flows:		
Cash and cash equivalents	4,416	8,070
Overdrafts	(119)	–
Cash and cash equivalents for consolidated statement of cash flows purposes	4,297	8,070

Notes:

A. In February 2017, the Group entered into a joint venture and shareholders' agreement in relation to the forming of a joint venture company ("**JVC**") to undertake the business of distribution, wholesale and retails of luggage and travel accessory products bearing the "Delsey" trademark in Singapore, Malaysia and Indonesia, as well as the disposal by the Group of certain assets to the JVC. The transaction was completed on 28 June 2017.

An analysis of the results of discontinued operations in the six months ended on 30 September 2016 is as follows:

	6 months ended Sep 2016 $'000
Revenue	2,454
Cost of Sales	(1,360)
Gross Profit	1,094
Expenses	(704)
Profit Before Tax	390
Income Tax Expense	(66)
Profit After Tax	324

B. On 26 October 2017, the Group entered into a legally binding memorandum of understanding ("**MOU**") with an outside party for the proposed disposal by the Company of its entire shareholding interests in its wholly-owned subsidiary, Yangtzekiang Industries Sdn Bhd for a consideration of RM50,000 or RM100,000, depending on the net tangible assets of the subsidiary as at 31 October 2017.

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 2017	29,627	25,856	21,831	3,264	(2)	597	248	(82)	3,771
Movements in equity:									
Total comprehensive loss income 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
Balance at 1 April 2016	28,910	25,126	21,831	2,840	(2)	291	248	(82)	3,784
Movements in equity:									
Total comprehensive loss for the period	(863)	(538)	–	(692)	–	154	–	–	(325)
Balance at 30 September 2016	28,047	24,588	21,831	2,148	(2)	445	248	(82)	3,459
The Company									
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)	–
Balance at 1 April 2016	16,271	16,271	21,831	(5,476)	(2)	–	–	(82)	–
Movements in equity:									
Total comprehensive income for the period	138	138	–	138	–	–	–	–	–
Balance at 30 September 2016	16,409	16,409	21,831	(5,338)	(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 2017.

The number of shares held as treasury shares as at 30 September 2017 and 30 September 2016 was 7,800 (0.01%).

There were no outstanding convertibles or subsidiary holdings as at 30 September 2017 and 30 September 2016.

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 2017: 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 2017.

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.

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 2017 except for the adoption of the applicable new and revised Financial Reporting Standards (FRS) and INT FRS that that mandatory for the financial period beginning 1 April 2017. The adoption of these FRS and INT FRS has no significant impact on the 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.**

Not applicable.

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	
		Restated
	Sep 2017	Sep 2016
Loss per share (in cents)		
Continuing operations:		
- Basic and diluted	(2.96)	(1.61)
Discontinued operations:		
- Basic and diluted	–	0.51
Total	(2.96)	(1.10)

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 2017		Company 2017	
	30 Sep	31 Mar	30 Sep	31 Mar
Net asset value per share (in cents)	43.1	47.0	24.9	26.0
Net assets (including non-controlling interest) ($'000)	27,206	29,627	15,691	16,412
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 remained at close to $19 million in 1H FY2018.

(ii) **Gross Profit**

The gross profit margin maintained relatively stable at 41.8% in 1H FY2018 compared to 41.5% in 1H FY2017.

(iii) **Other Gains**

The other gains of $177,000 (1H FY2017: $203,000) include government grants received of $77,000 (1H FY2017: $140,000) and reversal of allowance for impairment on inventories of $65,000 (1H FY2017: $63,000).

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

Marketing and Distribution costs stayed at approximately $5.8 million in 1H FY2018 as rental savings following consolidation of operations at the new building were offset by higher staff costs due to expanded distribution network. The Group spent approximately $1.1 million more on administrative expenses in 1H FY2018 due to one-off relocation expenses of approximately $0.2 million, recurring building expenses of approximately $0.7 million and higher staff costs of $0.2 million.

(v) **Finance Costs**

Interest expenses were $0.2 million higher due to servicing of loans taken by the Company to finance the purchase of a leasehold property in January 2017.

(vi) **Other Losses**

Impairment loss on plant and equipment, amortisation of intangible assets and plant and equipment written off made up the other losses of $69,000.

(vii) **Share of Profit from Equity-Accounted Associate**

The Group has a 35% equity stake in the JVC (please refer to Note A on page 6 for details) effective from 28 June 2017.

(viii) **Income Tax Expense**

There were income tax expenses of $95,000 arising from withholding taxes paid and provision for deferred tax liabilities.

(ix) **Profit from Discontinued Operations, Net of Tax**

Please refer to Note A on page 6 for details.

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

(i) The Group incurred additional capital expenditure on the leasehold property to ready it for use as centralised packaging facilities and office.

(ii) The Group shared 35% of post-tax profit of an associate effective from 28 June 2017. Please refer to Note A on page 6 for details.

(iii) The transaction to dispose of the Group's assets held for sale as at 31 March 2017 was completed on 28 June 2017.

(iv) The Group's inventories were $4.0 million more as a result of bulk purchases in preparation for festive seasons in 2H FY2018. Stock turnover days maintained in the region of 7 to 8 months.

(v) The Group's trade and other receivables were $1.1 million lower primarily due to application of deposits towards invoices for renovation works at the new building. Those of the Company as at September 2017 was half the amount as at March 2017 for the similar reason as well as recovery of input goods and services tax paid on purchase of a property in May 2017.

(vi) Prepayments decreased from $0.8 million in March 2017 to $0.5 million in September 2017 as a result of amortisations over the six-month period.

(vii) The increase of $54,000 in Group's deferred tax liabilities is attributable to the Company's provision with regards to excess of net book value of plant and equipment over tax written down value.

(viii) The Group repaid a total of $76,000 in finance leases subsequent to March 2017.

(ix) Trade and other payables increased by $3.1 million or 55% from balance as at March 2017 due to purchases made close to period end. Creditors' turnover days lengthened slightly from 89 days to 95 days year-on-year.

(x) Lower utilisation of bills payables by $0.7 million and repayments of term loans of $0.4 million led to the reduction of $1.1 million in total other financial liabilities. $8.0 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.

(xi) As at 30 September 2017, the Group's cash and cash equivalents of $4.3 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 8 November 2017, the Group issued a profit warning that the Group expects to register a net loss for 1H FY2018. The financial performance of the Group in 1H FY2018 was mainly affected by lower demand caused by slowdown in growth of global economy as well as pressure on the Group's profit margins in view of escalating costs.

The net loss suffered for the financial period ended 30 September 2017 is consistent with the above announcement released.

We have announced the completion of the joint venture ("**JV**") with Delsey Asia Limited and Delsey Singapore Pte. Ltd. on on 28 June 2017. With this, the Group will work with our JV partner to expand this business locally and in the Asia Pacific region in the coming years.

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 GDP growth forecast is strengthening and spreading to more sectors, albeit remains weak with official forecasts maintained at 2% to 3% for 2017, before moderating slightly in 2018. However, retail markets remain to be challenging with rising operational and rental costs becoming a constant concern for retailers.

On 26 October 2017, the Group entered into a legally binding MOU to dispose of the menswear business in Malaysia. We target to execute a definitive agreement by mid-December 2017.

Having consolidated our Singapore offices and packaging facilities at the newly acquired property, we are in the process of streamlining our business operations to derive further efficiency. The Group will continue to review its current strategies to monitoring its key cost drivers closely.

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 2017 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 2017