TRAVELITE HOLDINGS LTD.
(Registration No. 200511089K)

Half Year Financial Statement Announcement For The Six Months Ended 30 September 2016

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 2016 $'000	Sep 2015 $'000	+ / (-) %
Revenue	21,366	18,909	13.0
Cost of Sales	(12,416)	(12,973)	(4.3)
Gross Profit	8,950	5,936	50.8
Other Items of Income			
Interest Income	53	56	(5.4)
Other Gains	203	369	(45.0)
Other Items of Expense			
Marketing and Distribution Costs	(6,483)	(5,192)	24.9
Administrative Expenses	(3,180)	(2,191)	45.1
Finance Costs	(74)	(109)	(32.1)
Other Losses	(267)	(1,128)	(76.3)
Share of (Loss) Profit from Equity-Accounted Joint Venture	(7)	28	(125.0)
Loss Before Tax From Continuing Operations	(805)	(2,231)	(63.9)
Income Tax Expense	(212)	(41)	417.1
Loss From Continuing Operations, Net of Tax	(1,017)	(2,272)	(55.2)
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations, Net of Tax	154	385	(60.0)
Total Comprehensive Loss	(863)	(1,887)	(54.3)
Loss Attributable to Owners of the Parent, Net of Tax	(692)	(2,222)	(68.9)
Loss Attributable to Non-Controlling Interests, Net of Tax	(325)	(50)	550.0
Loss Net of Tax	(1,017)	(2,272)	(55.2)
Total Comprehensive Loss Attributable to Owners of the Parent	(538)	(1,837)	(70.7)
Total Comprehensive Loss Attributable to Non-Controlling Interests	(325)	(50)	550.0
Total Comprehensive Loss	(863)	(1,887)	(54.3)

N.M. : Not Meaningful

Notes on Statement of Comprehensive Income

	Group 6 months ended	
	Sep 2016 $'000	Sep 2015 $'000
Other Gains (Losses)		
Amortisation of other intangible assets	(17)	–
Foreign exchange adjustment losses	(227)	(1,092)
(Loss) Gain on disposal of plant and equipment	(18)	39
Government grant received	140	93
Plant and equipment written off	–	(2)
Inventories written off	(5)	(34)
Reversal of allowance for impairment on inventories	63	237
Net	(64)	(759)
Presented in profit or loss as:		
Other Gains	203	369
Other Losses	(267)	(1,128)
Net	(64)	(759)
Finance Costs		
Interest expense	74	109

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 2016			Company 2016		
	30 Sep $'000	31 Mar $'000	+ / (-) %	30 Sep $'000	31 Mar $'000	+ / (-) %
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	3,635	3,422	6.2	145	166	(12.7)
Intangible Assets	329	346	(4.9)	–	–	N.M.
Investments in Subsidiaries	–	–	N.M.	12,734	12,734	0.0
Investment in Associate	–	–	N.M.	–	–	N.M.
Investment in Joint Arrangement	36	43	(16.3)	–	–	N.M.
Deferred Tax Assets	6	9	(33.3)	–	–	N.M.
Total Non-Current Assets	4,006	3,820	4.9	12,879	12,900	(0.2)
Current Assets						
Inventories	15,457	13,424	15.1	–	–	N.M.
Trade and Other Receivables	14,251	14,333	(0.6)	1,118	901	24.1
Other Assets	442	544	(18.8)	24	16	50.0
Cash and Cash Equivalents	8,070	11,300	(28.6)	2,889	2,925	(1.2)
Total Current Assets	38,220	39,601	(3.5)	4,031	3,842	4.9
Total Assets	42,226	43,421	(2.8)	16,910	16,742	1.0
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)	2,148	2,840	(24.4)	(5,338)	(5,476)	(2.5)
Other Reserves	611	457	33.7	(82)	(82)	0.0
Equity, Attributable To Owners of the Parent, Total	24,588	25,126	(2.1)	16,409	16,271	0.8
Non-Controlling Interests	3,459	3,784	(8.6)	–	–	N.M.
Total Equity	28,047	28,910	(3.0)	16,409	16,271	0.8
Non-Current Liabilities						
Provisions	204	162	25.9	–	–	N.M.
Deferred Tax Liabilities	127	132	(3.8)	–	–	N.M.
Finance Leases	60	97	(38.1)	15	32	(53.1)
Other Financial Liabilities	–	–	N.M.	–	–	N.M.
Total Non-Current Liabilities	391	391	0.0	15	32	(53.1)

	Group 2016			Company 2016		
	30 Sep $'000	31 Mar $'000	+ / (-) %	30 Sep $'000	31 Mar $'000	+ / (-) %
Current Liabilities						
Income Tax Payable	583	406	43.6	15	7	114.3
Trade and Other Payables	8,530	8,004	6.6	437	399	9.5
Finance Leases	118	163	(27.6)	34	33	3.0
Other Financial Liabilities	4,557	5,547	(17.8)	–	–	N.M.
Total Current Liabilities	13,788	14,120	(2.4)	486	439	10.7
Total Liabilities	14,179	14,511	(2.3)	501	471	6.4
Total Equity and Liabilities	42,226	43,421	(2.8)	16,910	16,742	1.0

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

	Group 2016			
	30 Sep		31 Mar	
	Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
a) Aggregate repayable in one year or less, or on demand	118	4,557	163	5,547
b) Amount payable after one year	60	–	97	–

The facilities are secured or covered by:

1) Corporate guarantee from the Company in favour of certain subsidiaries;
2) Negative pledge on the assets of a subsidiary; and
3) 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 2016	Sep 2015
	$'000	$'000
Cash Flows From Operating Activities		
Loss Before Tax	(805)	(2,231)
Adjustments for:		
Interest Income	(53)	(56)
Interest Expense	74	109
Share of the Loss (Profit) of Joint Venture	7	(28)
Depreciation of Property, Plant and Equipment	351	275
Amortisation of Other Intangible Assets	17	–
Loss (Gain) on Disposal of Plant and Equipment	18	(39)
Plant and Equipment Written Off	–	2
Provisions	48	–
Operating Cash Flows Before Changes in Working Capital	(343)	(1,968)
Inventories	(2,033)	618
Trade and Other Receivables	83	1,862
Other Assets	102	(60)
Trade and Other Payables	696	868
Provisions	(6)	–
Net Cash Flows (Used in) From Operations Before Interest and Tax	(1,501)	1,320
Income Tax Paid	(38)	(50)
Net Cash Flows (Used in) From Operating Activities	(1,539)	1,270
Cash Flows From Investing Activities		
Disposal of Plant and Equipment	2	38
Purchase of Plant and Equipment	(585)	(151)
Cash Restricted in Use	969	–
Interest Received	53	56
Net Cash Flows From (Used in) Investing Activities	439	(57)
Cash Flows From Financing Activities		
Finance Lease Repayments	(82)	(46)
Decrease in Other Financial Liabilities	(990)	(2,652)
Interest Paid	(74)	(109)
Net Cash Flows Used in Financing Activities	(1,146)	(2,807)
Net Decrease in Cash and Cash Equivalents	(2,246)	(1,594)
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	10,331	10,102
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents	(15)	(467)
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance	8,070	8,041
Analysis of Cash and Cash Equivalents:		
Cash and Cash Equivalents	8,070	8,041
Cash Restricted in Use Over 3 Months	–	–
Cash and Cash Equivalents for Consolidated Statement of Cash Flows Purposes	8,070	8,041

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 2016	28,910	25,126	21,831	2,840	(2)	291	248	(82)	3,784
Movements in Equity:									
Total Comprehensive (Loss) Income 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
Balance at 1 April 2015	24,033	23,983	21,831	2,433	(387)	106	–	–	50
Movements in Equity:									
Total Comprehensive Loss for the Period	(1,887)	(1,837)	–	(2,222)	–	385	–	–	(50)
Balance at 30 September 2015	22,146	22,146	21,831	211	(387)	491	–	–	–
The Company									
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)	–
Balance at 1 April 2015	19,229	19,229	21,831	(2,215)	(387)	–	–	–	–
Movements in Equity:									
Total Comprehensive Loss for the Period	(1,763)	(1,763)	–	(1,763)	–	–	–	–	–
Balance at 30 September 2015	17,466	17,466	21,831	(3,978)	(387)	–	–	–	–

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, 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.

The total number of issued share capital excluding treasury shares as at 30 September 2016 was 63,098,409 (31 March 2016: 63,098,409).

The number of shares held as treasury shares as at 30 September 2016 was 7,800 (31 March 2016: 7,800).

There were no outstanding convertibles.

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.

	Sep 2016	Mar 2016
Total number of issued shares	63,106,209	63,106,209
Treasury shares	(7,800)	(7,800)
Total number of issued shares excluding treasury shares	63,098,409	63,098,409

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

No treasury shares were sold, transferred, disposed of, cancelled or used during the period ended 30 September 2016.

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 2016 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 2016. 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	
	Sep 2016	Sep 2015
Loss per share (in cents)		
- Basic and diluted	(1.10)	(3.61)

Basic and diluted loss per ordinary share is calculated based on loss for the period attributable to owners of the parent of $692,000 (2015: $2,222,000) divided by the weighted average number of issued shares (excluding treasury shares) of 63,098,409 (2015: 61,571,409).

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		Company	
	2016		2016	
	30 Sep	31 Mar	30 Sep	31 Mar
Net asset value per share (in cents)	44.4	45.8	26.0	25.8
Net assets (including non-controlling interest) ($'000)	28,047	28,910	16,409	16,271
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 increased by $2.5 million or 13.0%, from $18.9 million in 1H FY2016 to $21.4 million in 1H FY2017 as a result of contributions from a subsidiary acquired in January 2016 ("**New Subsidiary**").

(ii) **Gross Profit**

The gross profit margin leaped from 31.4% in 1H FY2016 to 41.9% in 1H FY2017, owing to contributions of the New Subsidiary and new brands secured in 2H FY2016.

(iii) **Other Gains**

The other gains of $203,000 (1H FY2016: $369,000) include government grants received of $140,000 (1H FY2016: $93,000) and reversal of allowance for impairment on inventories of $63,000 (1H FY2016: $237,000).

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

A $2.3 million increase in operating expenses was primarily attributable to the New Subsidiary. Excluding the New Subsidiary, there was an increase of $0.5 million in staff costs due to expansion in the menswear division.

(v) **Other Losses**

Foreign exchange adjustment losses of $227,000 (1H FY2016: $1.1 million) made up the bulk of the other losses.

(vi) **Income Tax Expense**

There were income tax expenses of $212,000 arising primarily from profitable luggage division and withholding taxes paid.

(vii) **Loss Attributable to Non-Controlling Interests**

There was a loss of $0.3 million attributable to non-controlling interests in the menswear division.

(B) <u>Commentary on The Consolidated Statements of Financial Position and Statement of Cash Flows</u>

(i) The Group's inventories were $2.0 million more as a result of bulk purchases in preparation for festive seasons in 2H FY2017. Year-on-year stock turnover days lengthened from 5 to 7 months due to bulk purchases in FY2016 upon securing new brands.

(ii) Improvement in other reserves by $0.2 million is attributable to exchange gains on translating foreign operations in Malaysia.

(iii) The increase of $0.5 million in trade and other payables is due to purchases made close to period end and more favourable credit terms received from suppliers for bulk purchases.

(iv) The reduction of $1.1 million in total other financial liabilities was due to lower utilisation of bills payables by $1.0 million coupled by repayments of term loan and finance leases of $0.1 million.

(v) There was a deficit in cash from operations of $1.5 million arising from increased inventories.

(vi) As at 30 September 2016, the Group's cash and cash equivalents of $8.1 million was maintained at a sufficient level 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 2 November 2016, the Group issued a profit warning that the Group expects to register a net loss for 1H FY2017. The financial performance of the Group in 1H FY2017 was similar to past few years, where there was lower demand for the Group's products during April to September.

The net loss suffered for the financial period ended 30 September 2016 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.

Given the uneven demand from Singapore's key export markets and the recent downgrade of Singapore's 2016 and 2017 GDP growth rates, we expect local market conditions to remain challenging. As for our export markets, Malaysia market is likely to remain subdued in 2017 whereas GDP growth forecast for Indonesia looks slightly improved.

On 8 August 2016, the Group announced the proposed acquisition of an industrial property at 53 Ubi Avenue 3. Upon successful completion, we expect to shift several offices and packaging facilities to the premises in order to better streamline our business operations to derive further efficiency.

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 2016 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

HOE KEE KOK
Executive Director
9 November 2016