

gl.

ANNUAL REPORT 2017



left:
The bar at Thistle Euston



above:
every hotel Piccadilly



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right:
Lobby at Thistle Trafalgar Square



CORPORATE PROFILE

GL Limited ("**GL**", and formerly known as GuocoLeisure Limited) was founded in 1961, and is the holding company of an international hospitality and leisure group with its global head office in Singapore. GL is listed on the Main Board of the Singapore Stock Exchange.

GL's core hospitality business is operated out of GLH Hotels Limited ("**GLH**") in the United Kingdom. GLH owns and/or operates hotels in the United Kingdom, and is the largest owner-operator hotel company in London with 16 hotels in the United Kingdom, including 15 hotels in top London locations.

In addition to its core hospitality business, GL owns the prestigious Clermont Club in Mayfair, London, as well as real estate in Hawaii and rights to royalties from the production of oil and natural gas in the Bass Strait in Australia.

below:
Dining at Thistle Kensington Gardens





below:
Afternoon Tea at The Tower Hotel







The Royal Horseguards

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kwek Leng Hai
Non-Independent
Non-Executive Chairman

Philip Burdon
Independent
Deputy Chairman

Paul Jeremy Brough
Independent
Non-Executive Director

Jennie Chua
Independent
Non-Executive Director

Timothy Teo Lai Wah
Independent
Non-Executive Director

Tang Hong Cheong
Non-Independent
Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Timothy Teo Lai Wah, *Chairman*
Paul Jeremy Brough
Jennie Chua

REMUNERATION COMMITTEE

Philip Burdon, *Chairman*
Kwek Leng Hai
Jennie Chua

NOMINATING COMMITTEE

Philip Burdon, *Chairman*
Kwek Leng Hai
Jennie Chua

GROUP COMPANY SECRETARY

Susan Lim

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda
Tel : (441) 295 2244
Fax : (441) 292 8666

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge: Tan Kar Yee, Linda
(Appointed since financial year ended 30 June 2015)

SHARE REGISTRARS AND TRANSFER OFFICES

Bermuda

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Canon's Court
22 Victoria Street
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Fax : (441) 292 8666

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112 Robinson Road #05-01
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CORPORATE OFFICES

Singapore

GL Limited
1 Wallich Street #15-02
Guoco Tower
Singapore 078881
Tel : (65) 6438 0002
Fax : (65) 6435 0040
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Website: www.gl-grp.com

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BIL Australia Pty Limited
22 Emerstan Drive
Castle Cove
NSW 2069
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Fax : (612) 9882 1266

Fiji

Tabua Investments Limited
Box PD67, Port Denarau
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Tel : (679) 675 0251
Fax : (679) 675 0025

New Zealand

Brierley Holdings Limited
144 St Johns Road
St Johns
Auckland
New Zealand
Tel : (6421) 927700

United Kingdom

Clermont Leisure (UK) Limited
Stephenson House
75 Hampstead Road
London
NW1 2PL
United Kingdom
Tel : (44) 20 7138 0000
Fax : (44) 845 040 5768
Website: www.clermontleisure.com

GLH Hotels Limited
Stephenson House
75 Hampstead Road
London
NW1 2PL
United Kingdom
Tel : (44) 20 7554 3890
Fax : (44) 845 040 5768
Website: www.glhhotels.com

GLH Hotels Management (UK) Limited
13 Albyn Terrace
Aberdeen
AB10 1YP
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Tel : (44) 20 7554 3890
Fax : (44) 845 040 5768
Website: www.glhhotels.com

United States of America

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United States of America
Tel : 1 (808) 534 9523
Fax : 1 (808) 521 2279



Amba Hotel Charing Cross

GROUP FINANCIAL HIGHLIGHTS
5-YEAR SUMMARY

	2013	2014	2015	2016	2017
Consolidated Income Statement					
Revenue (US$million)	437.9	461.9	423.2	393.9	**350.2**
Profit attributable to owners of the Company (US$million)	44.0	39.0	47.9	67.6	**49.0**
Consolidated Statement of Financial Position					
Total assets (US$million)	1,574.1	1,718.1	1,624.6	1,432.6	**1,412.1**
Equity attributable to owners of the Company (US$million)	1,106.5	1,217.3	1,152.1	1,051.2	**1,049.8**
Ratios					
Earnings per share (US cents)	3.3	3.0	3.7	5.2	**3.8**
Dividend per share (SG cents)	2.0	2.0	2.2	2.2	**2.2**
Net assets per share (US cents)	83.9	93.3	88.6	80.9	**80.8**
Debt to equity (%)	29.7	28.0	26.7	20.6	**17.4**

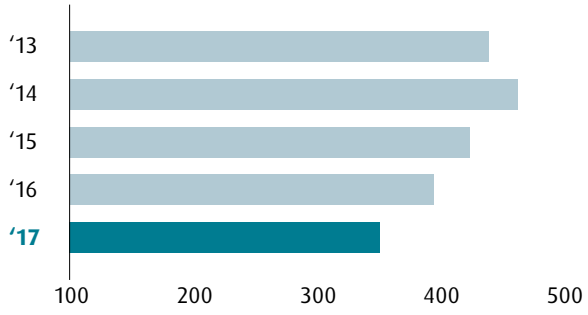
Conference Room at The Cumberland



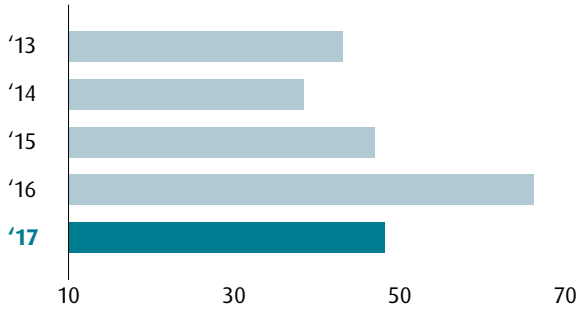


The Tower Hotel

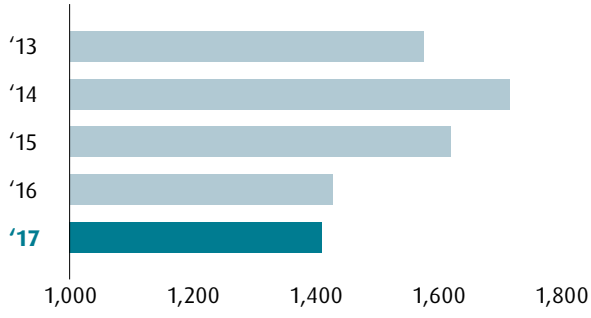
Revenue
(US$'M)



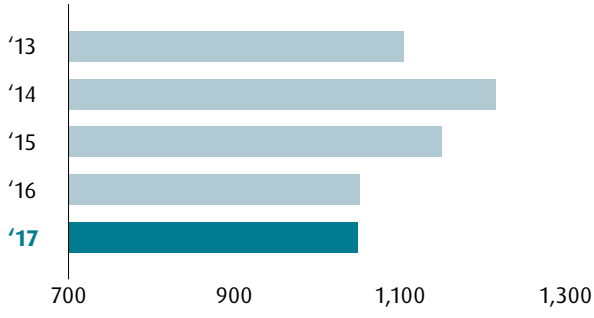
Profit attributable to owners of the Company
(US$'M)



Total assets
(US$'M)

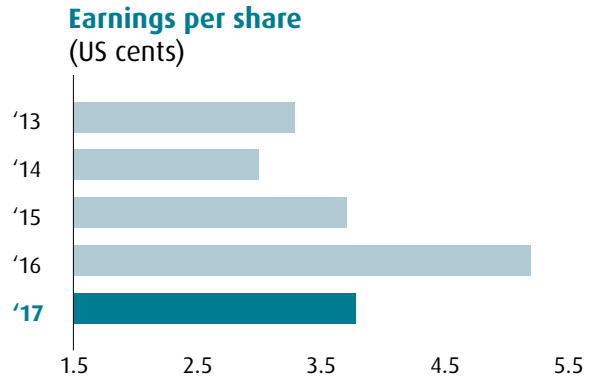


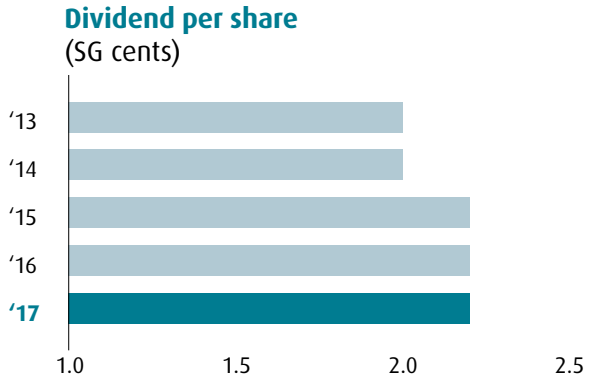
Equity attributable to owners of the Company
(US$'M)

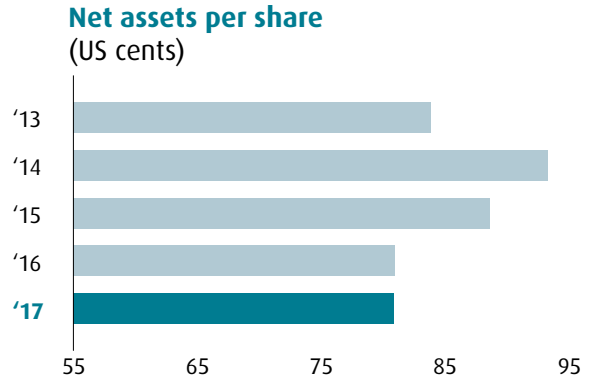


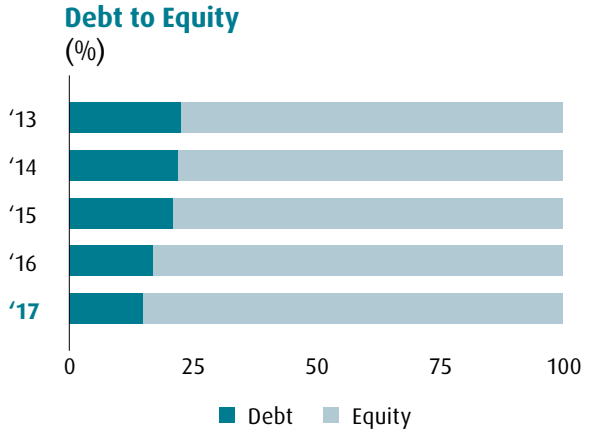
GROUP FINANCIAL HIGHLIGHTS *Continued*

5-YEAR SUMMARY









Hospitality at Amba Marble Arch





Lobby at Amba Hotel Charing Cross

CHAIRMAN'S STATEMENT



Executive Double Room at The Tower Hotel

The GL Group experienced an eventful period in the financial year ended 30 June 2017 ("**FY2017**"). Geopolitical events in the UK resulted in the weakening of the GBP, which negatively impacted the Group's revenues. The UK continues to be on high alert against the threat of terror attacks, and financial markets continue to be volatile as the UK begins exit negotiations with the European Union.

In spite of the challenging environment, our efforts to transform GLH Hotels are paying off. The hotel division performed well in GBP terms, with group-wide RevPAR improving by 7% year-on-year, and a positive EBITDA growth excluding one-off events. During FY2017, Mr Neil Gallagher, previously Chief Financial Officer of GLH Hotels, was promoted to Chief Executive Officer of the hotel division. Mr Gallagher is well placed to take GLH Hotels on the next phase of its growth journey.

The Group continues to remain committed to its hotel strategy in the UK and is financially strong while maintaining a conservative debt-to-equity ratio.

GLH Hotels

FY2017 saw revenues at GLH growing by 4% in GBP terms while underlying EBITDA, excluding one-offs, improved by 27%. These improvements were driven by higher room rates and better operating efficiencies resulting from continued investments in our properties and technology. GLH continues to focus on transforming its portfolio in London and is in the process of refurbishing The Cumberland for its launch as the Hard Rock Hotel London in the next financial year.

The London market has shown resilience going into the next financial year with occupancy rates expected to remain stable in spite of additional room supply. The weaker GBP is expected to give a boost to international leisure travel into London. However, this is tempered by uncertainties around the full impact of Brexit, the continued threat of terror attacks and an expected increase in room supply.

Clermont Leisure

The Clermont Club, the Group's exclusive casino in Mayfair, London, incurred an operating loss during FY2017. Management is committed to the principle of risk mitigation and strict observance of prudent trading practices. We continue to seek ways of increasing our player base in a sustainable manner.

Bass Strait Oil Royalty

FY2017 royalty income was US$24.6 million, 19% higher compared to the previous financial year. This was due mainly to crude oil prices improving from 10-year lows as well as a stronger AUD against the USD. Although we do not foresee oil prices returning to recent highs in the near term, this asset continues to be a significant profit contributor to the Group.

Sustainability Report
GL's Board oversees the strategic direction of sustainability for GL and has taken into consideration the sustainability reporting requirements of the Singapore Stock Exchange. The Board has been involved in the identification and prioritisation of material topics and has provided resources to manage the governance of sustainability within GL. We will ensure that sustainability remains a core focus of the Group.

Summary
The Board is recommending a first and final dividend of SGD 0.022 (2.2 Singapore Cents) per share for FY2017.

On behalf of the Board of Directors, I express our appreciation to our management and staff for their efforts and dedication in FY2017, including the preparation of GL's inaugural sustainability report, and thank our shareholders, customers, business partners and other stakeholders for their continued support.

KWEK LENG HAI
Non-Executive Chairman
25 August 2017

"The Group continues to remain committed to its hotel strategy in the UK and is financially strong while maintaining a conservative debt-to-equity ratio. "

The bar at Amba Hotel Charing Cross



BOARD OF DIRECTORS



The Royal Horseguards Hotel

KWEK LENG HAI, 64

Non-Independent

Non-Executive Chairman
Member, Remuneration Committee
Member, Nominating Committee

Mr Kwek was appointed to the Board on 17 May 2005 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 19 October 2017.

Mr Kwek is the Executive Chairman of Guoco Group Limited and the Chairman of Lam Soon (Hong Kong) Limited, both listed on the Main Board of The Stock Exchange of Hong Kong Limited. His directorships in other public listed companies include Hong Leong Bank Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad, and GuocoLand Limited, listed on the Singapore Stock Exchange. He is also a director of Hong Leong Company (Malaysia) Berhad and Bank of Chengdu Co., Ltd.

Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales and has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate.

PHILIP BURDON, 78

Independent

Non-Executive Director
Non-Executive Deputy Chairman
Chairman, Remuneration Committee
Chairman, Nominating Committee

Mr Burdon was appointed to the Board on 10 November 1998 and was re-elected as a Director at the Company's Annual General Meeting held on 24 October 2016.

Mr Burdon is respected as a successful businessman and distinguished politician in New Zealand. He was a senior Cabinet Minister in the New Zealand Government from 1990 to 1996 holding key trade and commerce portfolios.

He was previously a director of Superannuation Investments Limited, MFL Mutual Fund Limited, ING Property Trust Management Limited and IAG Ltd.

Mr Burdon graduated in law from Canterbury University, New Zealand.

PAUL JEREMY BROUGH, 60

Independent

Non-Executive Director
Member, Audit and Risk Management Committee

Mr Brough was appointed to the Board on 1 July 2012 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 19 October 2017.

On 11 May 2017, Mr Brough became Chairman of Noble Group Limited, a company listed on the

Singapore Stock Exchange. On 3 September 2016, Mr Brough joined the board of Vitasoy International Holdings Limited, a company listed on the HKSE, as a non-executive director and assumed the chair of its audit committee on that date. He is also a non-executive director of Habib Bank Zurich (Hong Kong) Limited, a Hong Kong based restricted-licence bank, and chair of its audit and risk committee, and a non-executive director of The Executive Centre Limited, a privately owned Hong Kong company and chair of its audit committee.

Mr Brough joined KPMG Hong Kong in 1983 and held appointments as its Head of Consulting in 1995 and as Head of Financial Advisory Services in 1997. In 1999, he was appointed the Asia Pacific Head of KPMG's Financial Advisory Services and a member of its global advisory steering group. He held the position of Regional Senior Partner of KPMG Hong Kong from 2009 before retiring in March 2012.

Mr Brough is an associate of the Institute of Chartered Accountants in England and Wales, an associate of the Hong Kong Institute of Certified Public Accountants and an associate of the Hong Kong Securities Institute.

JENNIE CHUA, 73

Independent

Non-Executive Director
Member, Audit and Risk Management Committee
Member, Remuneration Committee
Member, Nominating Committee

Ms Chua was appointed to the Board on 1 August 2012 and was re-elected as a Director at the Company's Annual General Meeting held on 16 October 2015.

She is the Chairman of Alexandra Health System Pte Ltd, which manages Khoo Teck Puat Hospital, Yishun Community Hospital and the Woodlands Health Campus. She is also Chairman of the Singapore Film Commission Advisory Committee and Deputy Chairman of Temasek Foundation International.

Ms Chua is a member of Singapore's Pro-Enterprise Panel and a Board Director of MOH Holdings Pte. Ltd. She also sits on MOH Holdings' Healthcare Infrastructure and Planning Committee.

Ms Chua is a Justice of the Peace and Singapore's Non-Resident Ambassador to The United Mexican States.

Ms Chua is a Board Director of two other entities listed on the Singapore Stock Exchange – GuocoLand Limited and Far East Orchard Limited.

Previous positions held include Chairman of Raffles International, President & CEO of Raffles Holdings, CEO of The Ascott Limited. She was Chairman of the Community Chest and Sentosa Cove. She was also the first and only woman Chairman of the Singapore International Chamber of Commerce in its 179-year history.

Ms Chua holds a Bachelor of Science degree from the School of Hotel Administration, Cornell University, New York, USA.

Awards and accolades which she has received include the President's Special Recognition for Volunteerism & Philanthropy, Singapore National Day Awards including the Meritorious Service Medal, Outstanding Contribution to Tourism Award, Women's World Excellence Awards, Travel Personality of the Year Award, amongst others.

Gym Room at Amba Hotel Charing Cross



BOARD OF DIRECTORS

Continued

TIMOTHY TEO LAI WAH, 65

Independent
Non-Executive Director
Chairman, Audit and Risk Management Committee

Mr Teo was appointed to the Board on 1 July 2013 and was re-elected as a Director at the Company's Annual General Meeting held on 24 October 2016.

Mr Teo serves on the boards of St Luke's Elder Care and Jurong Health Fund.

Besides these appointments, Mr Teo is also a Board member of another Singapore listed company, GuocoLand Limited.

Mr Teo was director in charge of foreign exchange, money market, gold and commodities management in Government of Singapore Investment Corp, Singapore from 1998 to 2007. Prior to this, he was director of Nuri Holdings (S) Pte Ltd, Singapore as consultant for risk management in Jakarta and Los Angeles from 1994 to 1998. Mr Teo was also with JP Morgan for 20 years in various overseas locations at senior management level (Managing Director) in Global Markets.

Mr Teo holds a Masters Degree in Business Administration from Macquarie University, Sydney, Australia.

TANG HONG CHEONG, 62

Non-Independent
Executive Director
Group Managing Director

Mr Tang was appointed as Executive Director and Group Managing Director of the Company on 15 September 2016 and was re-elected as a Director at the Company's Annual General Meeting on 24 October 2016.

Mr Tang is the President and Chief Executive Officer of Guoco Group Limited and a non-executive director of Lam Soon (Hong Kong) Limited, both listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also a non-executive director of GuocoLand Limited, which is listed on the Singapore Stock Exchange.

Mr Tang has held various senior management positions in different companies within the Hong Leong Group. He was the President/Finance Director of HL Management Co Sdn Bhd. He was a director of Southern Steel Berhad, a Hong Leong Group subsidiary listed on the Main Market of Bursa Malaysia Securities Berhad, as well as the non-executive chairman of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Tang is a member of the Malaysian Institute of Accountants and has more than 40 years' broad-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning. He possesses in-depth knowledge of the investment, manufacturing, financial services, property development, gaming and hospitality industries.

Lobby at The Royal Horseguards Hotel



MANAGEMENT TEAM



Restaurant at Thistle Bloomsbury Park Hotel

NEIL GALLAGHER
Chief Executive Officer
GLH Hotels

Neil has held the position of GLH Hotels' Chief Executive Officer since 2016, having joined the Company in 2014 as Chief Financial Officer. He is responsible for overseeing the commercial growth of the Company. Neil is at the heart of shaping GLH's strategic priorities, ensuring the smooth running of all departmental functions.

Neil's passion for hospitality has been evident throughout his successful career, having held senior positions at the likes of Marriot and IHG between 2001 – 2014 in both commercial and financial roles. As GLH Hotels continues to grow, Neil is well equipped to take GLH to new heights, while ensuring it firmly remains London's leading hotel company.

HO KAH MENG
Chief Financial Officer
GL Limited

Mr Ho joined the Group in July 2014 and was appointed CFO on 1 August 2014.

He began his career as an auditor at PriceWaterhouse before moving to Citibank Singapore. He has held senior finance and accounting positions with Singapore Marriott Hotel, Ssangyong Cement Limited, and various companies within the Raffles Holdings group.

Mr Ho has 10 years of experience in hotel investments and asset management in Asia Pacific with GIC Real Estate Pte Ltd and Kingdom Hotel Investments. Prior to joining the Group, he was Senior Vice President at GIC Real Estate.

Mr Ho holds a Bachelor of Accountancy degree from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

SUSAN LIM
General Counsel/
Group Company Secretary
GL Limited

Ms Susan Lim joined the Group in May 2013.

In the early years of her career, Ms Lim practiced as a litigator. She made the switch from private practice to an in-house counsel position in 1993 when she joined the Pontiac Land Group, a real estate development and hospitality group.

In 2004, Ms Lim left Pontiac to join Pacific Star Holdings Pte. Ltd., which provides investment advisory and asset management services for Asian real estate and where she served as an Executive Vice President and headed the Legal Department.

From 2010 until April 2013, Ms Lim was Senior Director, Legal & Secretariat at KOP Properties Pte. Ltd., a company with real estate, hospitality and lifestyle business interests.

Ms Lim read law at the National University of Singapore and is called to the Singapore Bar.

SUSTAINABILITY REPORT

MESSAGE FROM THE GROUP MANAGING DIRECTOR

The world is changing, and it is important that we continue to keep up with global trends.

The hospitality industry has seen many changes in recent years, including the launch of new brands targeting specific consumer segments (for example, boutique lifestyle), consolidation of major brands (Marriott and Starwood) and significant growth in the number of bedrooms in key gateway cities around the world. However, perhaps the most significant change is the way in which guests now choose to book their hotel stay. The proliferation of online travel agencies (Expedia, Booking.com, etc.) and best price comparison sites such as Trivago and Kayak have placed large amounts of information in the hands of the consumer and presented a huge number of choices. It has moved people away from a printed brochure and, in many cases, a travel agent. When the information provided by hotels is then combined with consumer-produced reviews, either on the booking site itself or via sites such as TripAdvisor, the person making the booking decision now has the opportunity to leverage a range of information that was previously unthinkable.

To that end, the historic promise of a brand is now often not enough, and a hotel has to compete with other hotels on more than just price. It could be the level of technology available in the bedroom, the precise distance to a tourist destination or the level of amenities available. In many cases, the deciding factor is the level of service provided.

On a macro level, in Singapore and the surrounding region, reporting requirements are coming into effect with regard to sustainability, which have driven companies in Asia to take stock and assess how they are performing in this area.

The GL Group has always focused on being a responsible business entity, and I am pleased to present our inaugural Sustainability Report.

For our inaugural report, we have decided to focus on GLH, our hotel division, and identified our material environmental, social and governance ("**ESG**") topics for this industry. The topics of key importance to us are our employees, guest satisfaction and resource efficiency. These form the basis of our commitment to being an ethical and responsible company.

Over the past year we have been improving the way in which we engage our guests and other members of the public digitally. We have redesigned and relaunched the GLH website for easier online reservations of our hotel rooms and better communication of our hospitality philosophy. Expanded options for room amenities allow us to gather, analyse and understand the reasons for guest stays, what guests require from us when they come to our hotels, the level of service they expect and, no less important, what they do not want. This is a multi-tier approach for us and is underpinned by our sustainability efforts.

As we refine our sustainability efforts, we will focus on the areas in which we can make an impact. We look forward to sharing our sustainability journey with you.

ABOUT THIS REPORT

Reporting Scope and Period

This Sustainability Report is our inaugural report and relates to the financial year ended 30 June 2017 ("**FY2017**"). Moving forward, we will report annually for each financial year. Data and information in this report reflect the performance and goals of GLH, our hotel division. In the future, we may expand the scope and boundary of reporting to our other divisions.

Reporting Standard
We have developed our report with reference to the Global Reporting Initiative ("**GRI**") Standards. The GRI Content Index at the end of this report sets out the relevant indicators and where information on such indicators can be found. Some of the information is set out in our Annual Report.

In connection with the preparation of this report, we have engaged a professional consulting firm to assist us in complying with the respective SGX and GRI Standards reporting requirements.

We are preparing our first Sustainability Report ahead of the effective date required by the SGX.

Assurance
As this is our first step towards sustainability reporting, we have not obtained any independent assurance of the information being reported. However, we will consider obtaining independent assurance as our reporting matures, but will work on embedding the reporting and data collection process into our daily operations.

Accessibility of The Report and Feedback
A softcopy of this report can be found on our website at www.gl-grp.com. We welcome your questions and value your feedback on the sustainability practices and how we can improve on them. Please send all feedback to info@gl-grp.com.

SUSTAINABILITY AT GL

Approach and Governance
Sustainability is an inherent part of our business and operations. We take a precautionary approach to sustainability and look at ways to mitigate ESG risk in our operations. With the release of the SGX guidelines, we have been working to formalise our practices and processes to ensure that they will remain a key focus moving forward. Our overall sustainability direction is overseen by our Board with support from our management. Day-to-day implementation of our sustainability initiatives is undertaken by our hotel teams who have responsibility for ensuring that we meet our sustainability objectives.

Materiality Assessment
In preparing this report, we have reviewed the SGX reporting requirements and GRI standards to identify the key areas for our focus. In addition, we conducted a high-level benchmarking exercise to identify the key topics that are important in our industry. Following such exercises, we discussed the key ESG topics with the Board and management to select the ESG topics reported on in this report. We feel that these topics are the most relevant to our stakeholders and business and will address the risks and opportunities associated with each of them.

We have reported on the following ESG topics:

Environmental stewardship
- Resource efficiency

Social responsibility
- Human capital management
- Local communities
- Guest satisfaction and safety

Governance
- Anti-corruption
- Regulatory compliance

SUSTAINABILITY REPORT *Continued*

STAKEHOLDER ENGAGEMENT

GL engages with our key stakeholders on a regular basis.

Stakeholder	Method and frequency of engagement	Concerns raised	Response
Employees	• Regular meetings between GLH and hotel employees • Scorecard of each hotel published monthly and displayed in the hotel • Employee appraisal and performance review meetings currently x 2 per year • Employee forums held in each hotel • Internal announcements	Employees would like to understand in more detail the GLH strategy and its commercial plan	GLH and hotel inductions
Investors	• Annual Report • Annual General Meeting • Analyst briefings	Risk management Growth strategy	We are maintaining a cautious approach and, in relation to our hotel strategy, we are continuing our refurbishment at a moderate pace. We are conservatively geared and well positioned to manoeuvre the current environment and take advantage of any opportunities.
Guests	• Feedback surveys • Guest feedback on online sites such as TripAdvisor and hotel response to such feedback	• Check in experience at larger properties • In room facilities at specific hotels • Housekeeping Standards	We actively act on the feedback and address issues raised in collaboration with the hotels and hotel management teams to improve our performance.
Suppliers	• GLH's Supplier Code of Conduct is issued to all significant suppliers • All maintenance and mechanical and electrical suppliers are required to have safe contractor certifications from relevant authorities	No specific feedback as of now	No specific feedback as of now
Regulators	• Regulatory filings • Responding to relevant public consultations	No specific feedback as of now	No specific feedback as of now
Community	• Room to Reward (charity helping carers in the community) • Local initiatives driven by our individual hotels	No specific feedback as of now	No specific feedback as of now

Memberships and external initiatives
Our hotel division, GLH, is a member of the British Hospitality Association.

ENVIRONMENTAL STEWARDSHIP

GL strives to manage and minimise its impact on the environment. We focus on policies and practices which foster the judicious and efficient use of resources, to build a business resilient to the impact of climate change and resource scarcity and for the benefit of our stakeholders and communities.

In our hotel business, our biggest impacts are on the resources we use in our operations, such as energy and water and the waste that is generated. We are committed to ensuring we grow in a responsible way, mindful of the resources we use as well as opportunities to act in an environmentally and socially responsible manner.

We are dependent on multiple sources of energy for running our operations like electricity in rooms and hotel areas and natural gas in kitchens. Fuel and energy costs make up a large part of our operational expenditure and is a key area of focus for our business. We continually look for ways to improve the energy efficiency of our buildings and facilities, such as installing LED lights where possible.

Waste is generated as a result of our front and back office activities as well as our kitchens, and all our waste is currently collected by local waste contractors. We are in the process of identifying our waste generation baseline, including areas for improvement which we will disclose in our next report.

Water has not been identified as a material topic this year. However, we are mindful that our operations do have an impact in this area. Over the next year we will be looking at how we can better manage our water consumption and aim to collect and track this information moving forward.

Moving forward, we will be implementing environmental audit activities into the current activities of all our hotels and develop hotel-specific action plans in the financial year ending 30 June 2018 ("**FY2018**"). Through this, we hope to identify how we can improve resource efficiency and minimise our impact on the environment.

		Performance	Targets
Energy			
302-1	Energy consumption within the organization	276,876 GJ	We will assess our current energy consumption and publish energy intensity reduction targets in our FY2018 report.
302-3	Energy intensity	199 MJ/Occupied room	
Emissions			
305-1	Direct (Scope 1) GHG emissions	7,840 Mt CO2e	We will assess our current emissions profile and publish emissions intensity reduction targets in our FY2018 report.
305-2	Energy indirect (Scope 2) GHG emissions	15,889 Mt CO2e	
305-4	GHG emissions intensity	0.017 Mt CO2e per occupied room	
Effluents and waste			
306-2	Waste by type and disposal method*		Implement a recycling system in all hotels by the financial year ending 30 June 2020 to ensure all waste is sorted and recycled before collection
	Non-Hazardous waste	8,134 Mt	
	Recycling	1,313 Mt	
	Recovery	216 Mt	
	Waste to energy	6,605 Mt	

* GL does not produce nor dispose of any hazardous waste.

SUSTAINABILITY REPORT *Continued*

SOCIAL RESPONSIBILITY

GL is committed to being responsible to its employees, guests and local communities. Through a system of guest feedback and other forms of stakeholder engagement, we formulate policies and best practices for a positive and enriching experience and environment for our stakeholders and local communities.

Guest Satisfaction and Safety

GL's hotel division, GLH, places great emphasis on the comfort and safety of guests in our hotels to ensure they have a memorable stay. Best practice requires all employees to observe and demonstrate a high standard of professionalism and work ethics at all times in line with the Company behaviours, the provisions of the ethical framework, equal opportunities and Caring for the Company Policies. We have recently employed a Group Guest Service Manager who is responsible for reviewing guest satisfaction and putting in place actions to drive performance. This includes putting clear Front of House standards in place which reflect the individual brand positioning and tone, and monitoring of these standards, working closely with technology to ensure that there is quality training across the operation and systems are maximised to the benefit of customer, and developing profile management practices to ensure that data capture is key in driving guest experience and future business.

We accord the highest importance towards the safety and security of our guests and anyone who visits our properties. Standard safety and security practices have been incorporated into all our hotel operations and activities, and these are regularly reviewed to ensure they are sufficient. In our hotel kitchens, we adhere strictly to regulated food safety standards to ensure the highest levels of food safety. To ensure customer and employee safety, we undertake quarterly audits by an external company (NSF) to ensure health, safety, hygiene and fire compliance the results of which are shared and regularly reviewed with the General Managers of our hotels.

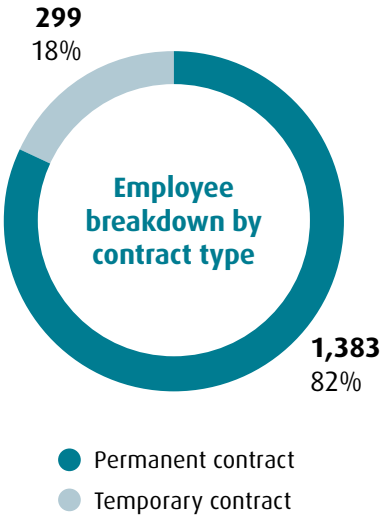
GL takes its data protection and privacy obligations very seriously. We have established internal policies and processes to comply with applicable data protection laws, including the UK's Data Protection Act 1998 and The European General Data Protection Regulation, which comes into force in May 2018. We have a data protection framework and mission statement that underpins the deployment and monitoring of relevant policies. There is a methodical process of review and renewal based on company need and changing regulatory landscape. A dedicated Data Protection Officer has been appointed in the UK to ensure compliance with our UK data protection obligations. Core data protection policies are owned by the Data Protection Officer and maintained on a company-wide intranet. GL maintains a log of all data protection complaints and requests to allow appropriate remediation and reporting. For FY2017, the total number of substantiated complaints concerning breaches of customer privacy and losses of customer data was 4. GL was not subject to any regulatory complaint or enforcement action by the UK's Information Commissioner's Office, which is responsible for data protection enforcement in the UK.

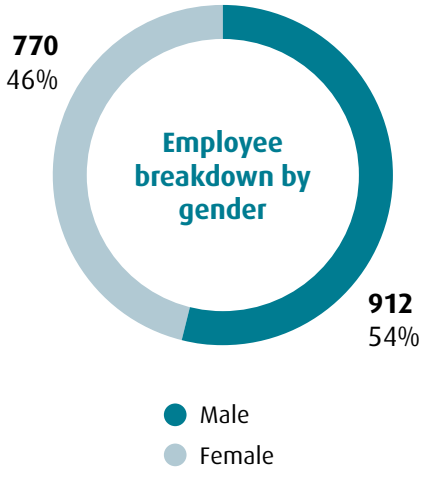
Our People

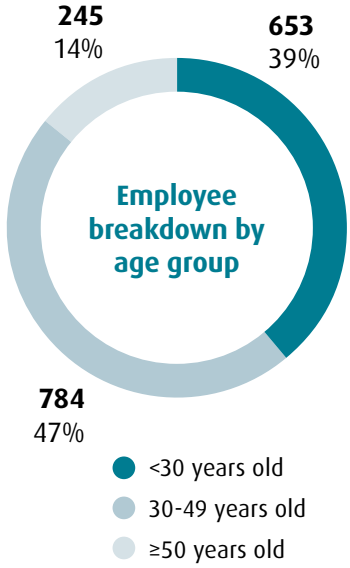
The hospitality industry is based on relationships and at GL we work hard to ensure that we have people in the organisation who share in our values and can provide exceptional guest experiences. We want to create a place where people want to work, where they have the right tools and environment to do great work, and where they can develop skills to enable them to progress their careers here.

Across our hotels, we employ 1,682 employees. While we employ most of our workers directly, we employ a number of casual workers and our housekeeping services are outsourced.

Our Employee Handbook outlines our employee code of conduct and provides guidelines to our employees on our values and operations. We are also currently developing an Employer Brand for GLH Hotels, which includes an internal and external programme to support deployment such as establishing employee communications and engagement.







Total number and rate of new employee hires and employee turnover as of June 2017

	Number	Rate
Employee hires (Total)	913	0.54
By age group		
<30 yrs	594	0.35
30-50 yrs	290	0.17
>50 yrs	29	0.002
By gender		
Male	444	0.26
Female	469	0.28
Employee turnover (Total)	949	0.56
By age group		
<30 yrs	530	0.32
30-50 yrs	373	0.22
>50 yrs	46	0.03
By gender		
Male	476	0.28
Female	473	0.28

SUSTAINABILITY REPORT *Continued*

Talent management and succession planning are vital components of our human resource strategy. As our business grows, it is more important than ever to ensure that the quality of our services are maintained, which means that we must ensure the safety and well-being of our employees and invest in the training and development of our employees.

Our hotel division invests every year in training and development. We focus on 3 core areas: developing core competence to ensure we are an effective and efficient organisation; providing opportunities for skill development to support career development; and line management and leadership development to create a talent pipeline. In FY2018, we will be launching our GLH campus, which aims to provide a central training centre for all our employees. On-going training and development already exists with focus on compliance, front of house and individual needs. New induction programmes as well as new programmes for leadership development, Hotel General Manager development and Line Management development will be launched later this year.

Respect for employee rights is fundamental to our human resource principles. We have strict non-discrimination policies to ensure diversity and a fair working environment in our workplace.

A fair working environment should be one that is free of discrimination, harassment, bullying and victimization. We ensure that we comply with all applicable employment laws including the European Human Rights Legislation. In particular, GL has a UK Grievance Policy which outlines procedures for managing grievances and ensures that all matters are managed privately and confidentially, and in the event of any redundancy we provide outplacement support for affected employees.

In September 2015, GL introduced a Child Protection Policy. During induction, new employees are required to complete a mandatory e-Learning module that includes aspects of child and forced labour. This module is also part of our annual mandatory e-learning programme for existing employees. There is a contractual obligation on our workforce to ensure that they have read, understood, and agree to adhere to this policy. Any breach of this policy would be treated in compliance with existing Disciplinary Procedures, and reported to the company as appropriate. GL has established a designated Safeguarding Lead in referring allegations of harm to the Police Protection Unit. Employees are required to make immediate contact with the Safeguarding Lead, who will in turn collate and clarify details and provide this information to the Police. Guidelines have been provided to employees on how to successfully gather information and on how to identify particular instances of harm and abuse.

The health and safety of our employees is of utmost importance. GL has clear health and safety policies in place to ensure that we provide a safe and supportive working environment and are compliant with all relevant health and safety legislation. Hotel employee concerns and views are represented and managed through on-site health and safety teams at each of our hotels. These teams also manage and oversee guest health and safety concerns. Risk assessments are carried out on roles that are identified as carrying a high risk of occupational disease, and routine monitoring and reporting. Health and safety topics are covered in discussions with unions.

Our Communities

We have a positive impact on communities through creating jobs, stimulating local economic development and helping to ensure community resilience through skill building opportunities.

We know that our success and the well-being of those who work in our hotels are closely linked. That is why we invest in the communities around us. Our hotels contribute to their local communities and our contributions focus on supporting charity workers.

		Performance	Targets
Human capital management			
401-1	New employee hires and employee turnover	• 958 employees hired in FY2017 • Aggregate annual turnover was 48.2%	• Implement new employee engagement survey in FY2018 • Conduct regular employee engagement surveys and develop action plans as appropriate in FY2018 • Ensure all hotels have employee forums which are held at least quarterly in FY2018
102-41	Collective bargaining agreements	Nil	In FY2018, continue to ensure suppliers sign up to abide by our Code of Conduct which prohibits suppliers using, participating in or benefiting from any forms of forced, bonded, slave, compulsory or involuntary labour or any form of human trafficking.
408-1	Operations and suppliers at significant risk for incidents of child labour	Nil	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Nil	
Guest satisfaction and safety			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4	Improve guest satisfaction and NPS scores
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Nil	
Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	100%	Develop a local community engagement program and/or charity strategy for FY2018

GOVERNANCE

Our reputation is dependent on daily decisions made across the organization. We are dedicated to upholding integrity and honesty in our operations, and have adopted a zero tolerance policy towards fraud, corruption and unethical actions. We have a Whistleblower Policy that ensures any internal or external stakeholder can raise any issue through any of our independent and accessible whistleblower channels.

We are committed to acting in the best interests of the GL Group and ensuring we comply with local and international laws and regulations and the Group's codes, standards and policies. Employees are made aware of all relevant laws, regulations and policies through regular training. Non-compliance with such laws, regulations, codes, standards and policies are tracked and addressed and in FY2017 there were no incidents recorded.

SUSTAINABILITY REPORT *Continued*

While supply chain management has not been identified as a material topic this year, we recognise that our operations are highly dependent on a reliable supply chain which ensures that we are able to receive the goods and services that we require. We have an extensive supplier base of over 1000 suppliers to procure food and beverages, supplies, fixtures and amenities.

In our UK operations, we want to be the best-managed hospitality company, delivering the best guest-centred experience in the industry. With this ambition in mind, we want to be responsible and sustainable in every aspect of our supply chain. We are keen to make sure everything we do is ethical and lawful, and that we work in a socially and environmentally sustainable way. It is important that our suppliers feel the same way and we have in place a Supplier Code of Conduct to provide a set of principles that all our suppliers should work within. The Code includes our position on principles such as human rights and labour conditions, environmental protection and business ethics. We want to make sure our suppliers have the right policies and processes in place to ensure compliance with these principles, and that they apply such principles with their own suppliers. We require all suppliers to sign and agree to the Code and we continue to engage with our suppliers to ensure compliance.

		Performance	Targets
Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	No incidents	• Publish whistleblowing policy on intranet and to be included in new starter pack in FY2018 • Provide whistleblowing and anti-corruption updates to all staff annually from FY2018
Regulatory compliance			
417-2	Incidents of non-compliance concerning product and service information and labelling	No incidents	Manage and mitigate the risk of data protection breaches through a maintained data protection programme and monitor compliance with UK and European Data Protection Regulations in FY2018
417-3	Incidents of non-compliance concerning marketing communications	No incidents	

GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Page No.
General disclosures		
102-1	Name of the organization	Annual Report
102-2	Activities, brands, products, and services	Annual Report
102-3	Location of headquarters	Annual Report
102-4	Location of operations	Annual Report
102-5	Ownership and legal form	Annual Report
102-6	Markets served	Annual Report
102-7	Scale of the organization	Annual Report, Social responsibility – Our people
102-8	Information on employees and other workers	Social responsibility – Our people
102-9	Supply chain	Governance – Supply Chain Management
102-10	Significant changes to the organization and its supply chain	Annual Report, Governance – Supply Chain Management
102-11	Precautionary Principle or approach	Sustainability at GL
102-12	External initiatives	Sustainability at GL
102-13	Membership of associations	Sustainability at GL
102-14	Statement from senior decision-maker	Message from the Chairman
102-16	Values, principles, standards, and norms of behaviour	Social Responsibility, Governance
102-18	Governance structure	Annual Report, Sustainability at GL
102-40	List of stakeholder groups	Sustainability at GL
102-41	Collective bargaining agreements	Social responsibility – Our people
102-42	Identifying and selecting stakeholders	Sustainability at GL
102-43	Approach to stakeholder engagement	Sustainability at GL
102-44	Key topics and concerns raised	Sustainability at GL
102-45	Entities included in the consolidated financial statements	Annual Report
102-46	Defining report content and topic Boundaries	About this Report
102-47	List of material topics	Sustainability at GL
102-48	Restatements of information	N/A (inaugural report)
102-49	Changes in reporting	N/A (inaugural report)
102-50	Reporting period	About this report
102-51	Date of most recent report	N/A (inaugural report)
102-52	Reporting cycle	About this report
102-53	Contact point for questions regarding the report	About this report
102-54	Claims of reporting in accordance with the GRI Standards	About this report
102-55	GRI content index	GRI Content Index
102-56	External assurance	About this report

SUSTAINABILITY REPORT *Continued*

Specific Standard Disclosures		
Material topic: Resource efficiency		
103-1/2/3	Management Approach	Environmental stewardship – Energy and Emissions
302-1	Energy consumption within the organization	Environmental stewardship – Energy and Emissions
302-3	Energy intensity	Environmental stewardship – Energy and Emissions
305-1	Direct (Scope 1) GHG emissions	Environmental stewardship – Energy and Emissions
305-2	Energy indirect (Scope 2) GHG emissions	Environmental stewardship – Energy and Emissions
305-4	GHG emissions intensity	Environmental stewardship – Energy and Emissions
306-2	Waste by type and disposal method	Environmental stewardship – Effluents and waste
Material topic: Human Capital Management		
103-1/2/3	Management Approach	Social responsibility – Our People
401-1	New employee hires and employee turnover	Social responsibility – Our People
408-1	Operations and suppliers at significant risk for incidents of child labour	Social responsibility – Our People
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Social responsibility – Our People
Material topic: Guest satisfaction and safety		
103-1/2/3	Management Approach	Social responsibility – Guest satisfaction and safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social responsibility – Guest satisfaction and safety
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social responsibility – Guest satisfaction and safety
Material topic: Local communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Social responsibility – Our communities
Material topic: Anti-Corruption		
103-1/2/3	Management Approach	Governance – Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	Governance – Anti-Corruption
Material topic: Regulatory compliance		
103-1/2/3	Management Approach	Governance – Regulatory compliance
417-2	Incidents of non-compliance concerning product and service information and labelling	Governance – Regulatory compliance
417-3	Incidents of non-compliance concerning marketing communications	Governance – Regulatory compliance

CORPORATE GOVERNANCE REPORT

GL Limited ("**Company**" or "**GL**") is committed to maintaining high standards of corporate governance and endeavours to continuously keep abreast of developments and new practices in corporate governance.

The framework of the Company's corporate governance is substantially in line with the principles and guidelines of the Singapore Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012 ("**Code**"). The lynchpin of such framework is the Company's Corporate Governance Code, which sets out its internal corporate guidelines.

During the financial year ended 30 June 2017 ("**FY2017**"), the Company complied with the principles and guidelines of the Code save in the areas which are set out and explained in the relevant sections below.

(A) BOARD MATTERS

Principle 1
Board's Conduct of Its Affairs

The Company is headed by a Board whose role and responsibilities include providing entrepreneurial leadership, setting the business strategy of the Company and its subsidiaries (collectively "**Group**"), and overseeing the business affairs of the Group and the performance of the Group's management ("**Management**"). The Board carries out its oversight function by assuming responsibility for effective stewardship and corporate governance of the Group and safeguarding the interests of the Group and its stakeholders.

In addition, the Board is responsible for setting the Company's values and ethical standards. The Group has a strong corporate culture exemplified by its core values.

The Company's Corporate Governance Code serves as an internal guide on corporate governance and other matters. It sets out the matters reserved for the Board's approval. These include approving strategic business and financial plans, individual investment and divestment decisions which the Board determines should be referred to it before implementation, and material transactions which are not within the Company's ordinary course of business. "Material transaction" is not defined by the Company's Corporate Governance Code; instead, materiality must be assessed by the Management based on the terms and circumstances of each transaction.

The Board meets at least once quarterly. Additional meetings may be convened as and when necessary. Where appropriate, decisions are also taken by way of Directors' circular resolutions. As provided in the Company's Bye-Laws, Board meetings may be held via teleconference or videoconference.

The Board has delegated certain of its functions to the following Board Committees:

- Audit and Risk Management Committee ("**ARC**");
- Nominating Committee ("**NC**"); and
- Remuneration Committee ("**RC**").

Each Board Committee reviews the matters which fall within its terms of reference as stated in the Company's Corporate Governance Code, and reports its decisions to the Board, which endorses such decisions and accepts ultimate responsibility on such matters.

CORPORATE GOVERNANCE REPORT *Continued*

The Board and the ARC each held four meetings during FY2017. The NC met once and the RC met twice during FY2017.

The Directors' attendance at Board and Board Committee meetings for FY2017 is set out below:

	Attendance at Board and Board Committee Meetings during FY2017			
	Board	**ARC**	**NC**	**RC**
No. of Meetings Held	4	4	1	2
Board Members				
Quek Leng Chan[1]	1	N.A.	1	1
Philip Burdon	4	N.A.	1	2
Kwek Leng Hai[2]	4	2	N.A.	1
Paul Jeremy Brough	4	4	N.A.	N.A.
Jennie Chua[3]	4	2	1	2
Timothy Teo Lai Wah	4	4	N.A	N.A.
Tang Hong Cheong[4]	4	N.A.	N.A	N.A.

Notes:

1. Resigned as non-executive Chairman and Director of the Company on 15 September 2016.
2. Appointed non-executive Chairman of the Board and member of the NC and RC on 15 September 2016, and stepped down as a member of the ARC on 25 October 2016.
3. Appointed a member of the ARC on 25 October 2016.
4. Appointed Group Managing Director and Director of the Company on 15 September 2016.

A newly appointed Director receives an appointment letter which sets out his duties and obligations and encloses copies of the Company's latest Annual Report, Bye-Laws, Corporate Governance Code, organisation charts and, if applicable, charters of each Board Committee to which he or she is appointed.

All Directors must objectively discharge their duties and responsibilities as fiduciaries of the Company and act in the interests of the Company. The Company's Corporate Governance Code requires the Board to safeguard the Company's interests and assets. The Directors must demonstrate the highest level of integrity by maintaining the utmost confidentiality regarding the Company's business as well as identifying, disclosing and managing conflicts of interest, and each Director is assessed regarding the same during annual Board evaluations. The Company's Corporate Governance Code defines "conflict of interest" as including affiliations with competitors of the Company or with parties which are likely to be regular counter-parties to transactions with the Company.

However, the Company recognises that it may not always be possible to ensure that conflicts do not arise and has established the following procedure to deal with conflicts of interest:

- A Director must declare to the Board any conflict of interest.
- As soon as practicable after such declaration, the Board will meet to review the conflict and determine a process for dealing with the issue.
- While a Director who is interested in a transaction with the Company may attend and participate in the Board meeting at which such transaction is discussed, he or she may not vote in respect of such transaction.

All Directors are encouraged to attend, at the Company's cost, seminars to keep abreast of relevant developments, particularly in areas of leadership, industry-related matters and corporate governance. The Company's external auditors brief and update the ARC on developments in accounting and governance standards which have a direct impact on financial statements. Directors are also given summaries of regulatory updates, implications of regulatory changes and developments and the actions to be taken to ensure compliance.

Principle 2
Board Composition and Guidance

The Board comprises six well-qualified members who are business leaders or professionals with financial, banking or hospitality backgrounds. As a group, the Board members provide an appropriate balance and diversity of skills, experience and knowledge of the Company and its business, as well as the necessary core competencies.

The NC reviews the size and composition mix of the Board and the Board Committees annually.

The NC considers the Board's present size to be appropriate after taking into account the nature and scope of the Group's operations. No individual or group of individuals dominates the Board's decision-making process.

Profiles of the Directors are set out on pages 12, 13 and 14. The Chairman of the Board, Mr Kwek Leng Hai, is a non-executive, non-independent Director. The majority of the Directors is non-executive and are considered independent by the NC. This is in line with the Code which provides that independent directors should make up at least half of the Board where the chairman of the board is not an independent director.

During FY2017, the Company had one executive Director, Mr Tang Hong Cheong.

The NC determines the independence of the Directors annually. In making such determination, the NC takes into consideration the guidelines set out in Guideline 2.3 of the Code, as well as a Director's ability to avoid any conflict of interests (including abstaining from decisions regarding transactions in which such Director has a direct or indirect interest). Each Director abstains from the discussion and decision in respect of his or her independence.

The NC is of the view that four of the Company's five non-executive Directors are independent. These Directors are Mr Philip Burdon, Mr Paul Jeremy Brough, Ms Jennie Chua and Mr Timothy Teo. There is no Director who is deemed to be independent by the Board notwithstanding the existence of a relationship stated in the Code that would otherwise cause him to be deemed not independent.

Mr Philip Burdon has served on the Board for more than nine years but the NC considers him independent. Mr Burdon demonstrates independence of character and judgement in the discharge of his responsibilities as a Director of the Company, and there are no relationships or circumstances that could or are likely to affect his judgement and ability to discharge his duties as an independent Director. Mr Burdon actively expresses his independent opinions with regard to the Company and its business, and frequently makes suggestions and recommendations for the benefit of the Company. For these reasons, the NC takes the view that Mr Burdon is independent. While remaining committed to the progressive renewal of the Board, the Board notes the view of the NC and believes that Mr Burdon's in-depth knowledge of the Group is invaluable and that he should therefore continue to act as a Director of the Company.

The non-executive Directors constructively participate in developing proposals on Company strategy, review the performance of the Management in meeting goals and objectives and monitor the reporting of performance. Among the Board's functions is the review and approval of the Company's strategic, business and financial plans and monitoring the Company's performance against such plans in order to evaluate whether the business is properly managed. The non-executive Directors are actively involved in such review, approval and monitoring. Along with other Board members, the non-executive Directors receive quarterly business and financial updates and are diligent in reviewing such updates.

CORPORATE GOVERNANCE REPORT *Continued*

The Company encourages its independent Directors to meet for informal discussions without the presence of Management to promote free and open discussions on issues concerning the Company, and to provide feedback to the Board on such issues. The independent Directors comprise four of the Company's 5 non-executive Directors. The fifth non-executive Director is Mr Kwek Leng Hai, who is the non-executive Chairman and is not an independent Director. While the non-executive Directors do not meet without the presence of Management, the Company is of the view that the informal meetings of the independent Directors sufficiently facilitate an effective check on Management.

Principle 3
Chairman and Group Managing Director ("GMD")

There is a clear division of responsibilities in the roles and functions of the Chairman and the GMD. These positions are held by Messrs Kwek Leng Hai and Tang Hong Cheong respectively.

In his leadership of the Board, the Chairman ensures that the Board is effective in all aspects of its role. The Chairman exercises control over the quality, quantity and timeliness of the flow of information to the Board by requiring Management to provide updates to the Board on the Company's performance and to keep the Board informed of developments and issues which would have an material impact on the Company. He has oversight of the preparation of the agenda and papers for each Board meeting, and conducts Board meetings so that each agenda item is adequately considered. The Chairman promotes a culture of openness and debate within the Board by consulting his fellow Directors, in particular, the non-executive Directors, on matters placed before the Board and encouraging frank and open discussion of the same. In ensuring that questions raised and information requested by Directors are responded to and provided promptly and adequately, the Chairman fosters constructive relations among the members of the Board and between the Board and Management.

During the Company's general meetings, the Chairman is key in ensuring effective communication between the Company and its shareholders, often personally responding to questions relating to the Company's strategic stance.

The Chairman sets a benchmark for the Company's corporate governance, recommending policies and practices to ensure that high standards of corporate governance are maintained by the Company.

The GMD is responsible for implementing the vision and strategic direction of the Group and the policies and decisions of the Board, initiating business ideas and corporate strategies to create a competitive edge and enhancing shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

Lead Independent Director

All independent Directors are well experienced, and regular and active interactions amongst them (including their attendance at Board and Board Committee meetings) provide sufficient opportunities for them to coordinate and to work together as a group.

The Directors and Management are accessible to the Company's shareholders, and the Company has always responded to the queries of its shareholders. The absence of a Lead Independent Director has not impacted and will not impact such accessibility or the Company's response to shareholders' queries.

As stated in the final paragraph under Principle 2, the Company encourages its independent Directors to meet for informal discussions without the presence of Management.

For the above reasons, the Board does not consider it necessary to appoint a Lead Independent Director.

Principle 4
Board Membership

As mandated by its written terms of reference, the NC reviews and recommends all new Board appointments and the re-appointment of Directors to the Board. In particular, the NC:

- determines annually the independence of each Director;
- assesses annually the effectiveness of the Board as a whole and of the Board Committees, as well as the contributions of each Director;
- reviews the Board succession plan; and
- reviews the training and professional development of the Directors.

The composition of the NC is set out on page 4.

The NC has put in place a process for assessing the independence of Directors as well as the effectiveness of the Board and Board Committees and the contributions of the Directors. The latter enables the NC to determine the training which each Director requires. As prescribed by the Company's Bye-Laws, each Director retires from office and is subject to re-election by shareholders at the Company's general meeting at least once every three years.

In the selection and appointment of a new Director, candidates may be put forward or sought through contacts and recommendations. Candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board, including gender. Through the annual Board evaluation process, details of which are set out under Principle 5, the NC determines the competencies required to complement the skills and competencies of the existing Directors.

When deciding whether a Director is able to and has adequately carried out his or her duties and has sufficient time and attention to give to the Company, the NC considers a number of factors. These are the number of appointments held by that Director on the boards of listed companies, his or her other principal commitments, his or her attendance at the Company's Board meeting and meetings of the Board Committee(s) of which he or she is a member, and the level of his or her engagement during such meetings. The NC has noted the other directorships held by each of the Directors and is satisfied, based on the latest annual evaluation, that each of the Directors is able to devote sufficient time and attention to the affairs of the Company.

The Board has not prescribed a cap on the number of board memberships a Director may hold as it believes that each Director should personally determine the demands of his or her other directorships and commitments and assess how much time is available for serving effectively on the Board and Board Committee(s) of the Company. Notwithstanding the absence of a cap, the Company believes that the robustness of the NC's evaluation of each Director's ability to carry out his or her duties stands it in good stead.

The Company does not have any Alternate Director.

Principle 5
Board Performance

On an annual basis, the NC assesses of effectiveness and performance of the Board as a whole and of the various Board Committees, and the contributions of each Director to the effectiveness of the Board.

This assessment takes into account the performance of the Company, the attendance and contributions of the Directors at meetings of the Board and Board Committees, the Directors' participation in the affairs of the Company, the independence of the Directors, their individual skills, experience and time commitment (in particular, of the Directors who serve on the boards of other listed companies) as well as the overall Board size and composition. Such performance criteria are objective to ensure robust evaluations, and have been approved by the NC as well as the Board. The Company has applied such performance criteria without change since such approval.

CORPORATE GOVERNANCE REPORT *Continued*

Each Director is required to evaluate the performance of the Board and of the Board Committee of which he is a member, and to carry out a self-assessment. The results of such evaluations are then collated and presented to the NC for consideration.

The results of the evaluations of the Board, Board Committees and Directors are communicated by the NC to the Board.

On the basis of such evaluations, the NC is satisfied that, for FY2017, the Board and Board Committees have been effective in the conduct of their respective duties and the Directors have each contributed to the effectiveness of the Board and the Board Committees of which they are members.

The Company did not use the services of an external facilitator for its FY2017 board assessment.

Principle 6
Access to Information

In order to enable the Directors to make informed decisions in the discharge of their duties and responsibilities, Management recognises the importance of providing the Board with complete and adequate information in a timely manner.

All Directors are made aware of the Company's policies, procedures and practices relating to governance issues, including disclosure of interests in securities, dealings in the Company's securities, restrictions on disclosure of price sensitive information and disclosure of interests relating to the Group's businesses.

Directors have separate and independent access to Management and the Company Secretary, whose role includes ensuring that Board procedures as well as applicable rules and regulations are complied with. The Company Secretary attends all Board and Board Committee meetings, ensures good information flow from Management to the Board and Board Committees as well as individual Directors, and advises on corporate governance matters. The appointment and resignation of the Company Secretary must be approved by the Board.

Prior to each Board or Board Committee meeting, Directors are provided with the agenda and papers which contain information to enable full deliberation at the meeting on relevant issues. Where a decision has to be made by the Board or a Board Committee without a meeting, a Directors' resolution is circulated for the signature of the Directors in accordance with the Bye-Laws of the Company, accompanied by such information as is necessary to enable them to make an informed decision on the proposed resolution.

Management keeps the Board apprised of the Company's operations and performance through updates and reports.

The Directors may seek independent professional advice at the Company's expense where appropriate.

(B) REMUNERATION MATTERS

Principle 7
Procedures for Developing Remuneration Policies

The RC reviews and recommends to the Board a framework of remuneration for the Board and key executives.

The composition of the RC is set out on page 4.

The RC's duties include the following:

- Recommending to the Board a framework of remuneration for the Board and key executives which covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- Reviewing the terms of employment arrangements with Management to develop consistent group-wide employment practices subject to regional differences; and
- Administering the Company's Executives' Share Option Scheme ("**ESOS 2008**"), which was approved by the shareholders on 17 October 2008.

The RC has not used the services of a remuneration consultant.

The RC reviews the Company's obligations in the event of termination of the contract of services of an executive Director or a member of the key management personnel, to ensure that such termination is effected on fair and reasonable terms and do not obligate the Company to make any payment which is overly generous. During FY2017, the Company did not pay any termination, retirement or post-employment compensation or benefits to any executive Director or any member of the key management personnel.

Principle 8
Level and Mix of Remuneration

Directors who are not executive Directors or salaried Directors employed by the Company or its related corporations are paid Director's fees which are based on corporate and individual responsibilities and in line with industry norm. Non-executive Directors are paid additional fees if they serve on Board Committees. Mr Kwek Leng Hai, who is the non-executive Chairman of the Company, does not receive Director's fees. Aggregate Director's fees for FY2017 amount to S$364,877 and are subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting ("**AGM**") in October 2017.

Remuneration packages for executive Directors and Management comprise a fixed component (in the form of a base salary, a 13th month Annual Wage Supplement and, where applicable, fixed allowances and other benefits-in-kind in accordance with the Group's human resource policies), and a variable component (which includes variable bonuses) determined in each specific year by the Group's and the individual's respective performances as well as industry practice in order to align the same with the interests of the Company's shareholders.

The Company established ESOS 2008 as a long-term incentive scheme to promote the Company's long-term success. Under ESOS 2008, options for shares in the Company may be granted to confirmed employees and executive Directors of the Group. Employees and directors of Guoco Group Limited, the Company's controlling shareholders and the Company's associated companies are not eligible to participate in ESOS 2008. Details of ESOS 2008 are set out in Note 21 of the Notes to the Financial Statements on pages 91 to 94.

In reviewing and determining the remuneration packages of executive Directors and Management, the RC considers their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talent.

The Company does not practice reclaiming incentive components of remuneration of its executive Directors and key management personnel.

CORPORATE GOVERNANCE REPORT *Continued*

Principle 9
Disclosure on Remuneration

Having considered the guidelines in the Code on disclosure of Directors' remuneration, the RC is of view that full disclosure of Directors' fees to be paid for FY 2017 is appropriate. However, with regards to the salary paid to Mr Tang Hong Cheong, who is also the GMD, the RC considered the sensitive nature of the information, the highly competitive business environment in which the Group operates and the impact such disclosure would have on the Group, and is of the view that the current disclosure on a named basis and in bands of S$250,000 (including the provision of a breakdown in percentage terms) is sufficient.

The remuneration of the Directors and GMD of the Company for FY2017 is as follows:

Director	Directors Fees (S$)	Salary & Allowance (S$)	Bonus (S$)	Benefits (S$)	Share-Based Remuneration (S$)	Pension Contribution (S$)	Total (S$)
Kwek Leng Hai[1]	-	-	-	-	-	-	-
Philip Burdon	76,000	-	-	-	-	-	76,000
Paul Jeremy Brough	95,000	-	-	-	-	-	95,000
Jennie Chua	93,877	-	-	-	-	-	93,877
Timothy Teo Lai Wah	100,000	-	-	-	-	-	100,000
Director & GMD	%	%	%	%	%	%	%
Below S$250,000							
Tang Hong Cheong	-	100	-	-	-	-	100

Notes:

1. Mr Kwek Leng Hai does not receive any Director's fee as non-executive Chairman of the Company.

The remuneration of the top five key executives who are not Directors of the Company or the GMD are disclosed below in bands of S$250,000, but the aggregate and the breakdown of such remuneration is not disclosed so as to maintain confidentiality of staff remuneration matters and to support the Company's efforts in attracting and retaining executive talent in a competitive human resource environment:

Total Remuneration in Bands of S$250,000	Number of Key Executives who are not Directors of the Company	
	FY2017	FY2016
S$1,000,001 to S$1,250,000	1	-
S$750,001 to S$1,000,000	0	2
S$500,001 to S$750,000	2	2
S$250,001 to S$500,000	2	1

The Company and its principal subsidiaries do not have any employee who is an immediate family member of any of the Directors (including the executive Director) and whose remuneration exceeded S$50,000 during FY2017.

The Company does not believe it is in its interest to disclose details regarding the performance criteria which determine the entitlement of the executive Director and key management personnel to the variable component of their remuneration packages or share options under ESOS 2008 and whether such performance criteria have been met, as such disclosure could give rise to talent recruitment and retention issues in the current competitive human resource environment.

(C) ACCOUNTABILITY AND AUDIT

Principle 10
Accountability

The Board is committed to providing the Company's shareholders with a balanced and understandable assessment of the Company's performance, position and prospects via announcements of its quarterly and annual financial results.

Management provides the Board with the Company's accounts on a quarterly basis. Such reports enable the Directors to keep abreast of the Group's operating and financial performance and position, and to make a balanced and informed assessment of the performance, position and prospects.

All Directors are kept apprised of key legislative and regulatory requirements and changes so that, where necessary, written policies and procedures are established to reflect such requirements and changes.

Principle 11
Risk Management & Internal Controls

The Board recognises the importance of a sound system of internal controls to safeguard shareholders' interests and investments and the Group's assets, and to manage risks. The Board determines the Group's risk profile and oversees the formulation, implementation and monitoring of the Group's internal controls. The Board is assisted in this task by the ARC, which functions as a board risk committee in addition to its role as the audit and risk management committee of the Board.

The ARC works with Management to articulate the Group's risk policies by identifying significant risks which might impact the Group's business. The Company maintains a Risk Register which is reviewed periodically by the ARC and Management. A risk rating system has been established to identify the tolerance level for the various identified risks and to determine the likelihood of incidence of such risks. Guidelines and strategies for the mitigation of such risks are set out in the Risk Register.

The ARC ensures the effective implementation and monitoring of internal controls by Management and the Internal Audit Department. The Internal Audit Department reports directly to the ARC. The Internal Audit Department adheres to an audit plan approved by the ARC in reviewing and testing the adequacy and effectiveness of the Group's internal controls.

On an annual basis, an Internal Audit and Risk Assurance Report is presented to the ARC on significant risks and risk exposures impacting the Group's key businesses and the measures taken by Management to address them.

The Board recognises that no system of control will provide absolute assurance against material misstatement or loss. However, based on reviews carried out by the Internal Audit Department, Management and external auditors, the Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, are adequate and effective.

On 25 August 2017, the Board received assurance from Mr Tang Hong Cheong and Mr Ho Kah Meng, who are the GMD and Chief Financial Officer respectively of the Company, that:

- The financial records of the Company have been properly maintained and the financial statements for FY2017 give a true and fair view of the Company's operations and finances; and

CORPORATE GOVERNANCE REPORT *Continued*

- The Company's system of risk management and internal controls is effective in addressing the material risks in its current business environment including financial, operational, compliance and information technology risks.

Principle 12
Audit and Risk Management Committee

The composition of the ARC is set out on page 4. All the members of the ARC are non-executive Directors. All of its members, including the ARC Chairman, are independent.

All the ARC members have recent and relevant accounting or related financial management expertise or experience, and the Board is satisfied that such members are appropriately qualified to discharge their responsibilities.

The ARC has:

- explicit authority to investigate any matter within its terms of reference;
- full access to and cooperation from Management;
- the discretion to invite any Director or executive officer to attend its meetings; and
- reasonable resources for the proper discharge of its functions.

The terms of reference of the ARC are set out in the Company's Corporate Governance Code.

Under the written terms of reference of the ARC, the ARC's duties include the following:

- Reviewing the Group's financial statements prior to their submission to the Board;
- Reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls, and risk management);
- Reviewing the adequacy, results and effectiveness of internal and external audit;
- Reviewing the independence of external auditors and confirming that non-audit services (if any) provided by external auditors do not affect their independence, and making recommendations to the Board on the appointment of external auditors;
- Meeting with the Company's internal and external auditors in the absence of Management;
- Noting or reviewing interested person transactions; and
- Reviewing the Company's whistle-blowing policy which sets out the procedure for raising, responsibly and in confidence, concerns about possible improprieties.

During FY2017, the work performed by the ARC included the following:

- Reviewing the Group's financial statements prior to submission to the Board;
- Reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls, and risk management);
- Reviewing the adequacy, results and effectiveness of internal and external audit;
- Reviewing the independence of external auditors and confirming that non-audit services provided by external auditors do not affect their independence, and making recommendations to the Board on the appointment of external auditors;
- Meeting with the Company's internal and external auditors in the absence of Management; and
- Noting and reviewing interested person transactions.

For FY2017, an aggregate of US$698,163, comprising audit fees of US$486,726 and non-audit fees of US$211,437, was paid or is payable to the Company's external auditors. Non-audit fees amounted to 30% of such aggregate and are not substantial.

The ARC has discussed the key audit matters with Management and the Company's external auditors. The ARC concurs with the findings and conclusions included in the Report of the Auditors with respect to the key audit matters. For more information on the key audit matters, please refer to pages 42 to 45 of this Annual Report.

In August 2006, the Company adopted a whistle-blowing policy under which the staff of the Group and third parties may raise concerns regarding fraud, theft and other improprieties at work to the ARC Chairman or the Internal Audit Department for investigation. The policy provides reassurance to whistle-blowers that they will not be victimised if they act in good faith.

The external auditors keep the ARC apprised of any changes to accounting standards and issues which have a direct impact on the Company's Financial Statements.

The Company is in compliance with Guideline 12.9 of the Code.

The Company has complied with Rules 712, 715 and 716 of the Listing Manual issued by SGX in relation to the appointment of its external auditors.

Principle 13
Internal Audit

The Group has an Internal Audit Department, comprising three experienced and qualified personnel, which assists the ARC in discharging its responsibilities. The ARC approves the employment, compensation, evaluation and removal of the Head of the Internal Audit Department. The Head of the Internal Audit Department reports directly to the ARC Chairman.

The Internal Audit Department has appropriate standing in the Group as it has the support and backing of the ARC and Management in the discharge of its function. In addition, the Internal Audit Department has access to external specialised expertise when necessary. Given such access, the ARC is of the view that the Group's internal audit function is adequately resourced.

The Internal Audit Department has unfettered access to the ARC, as well as all of the Company's documents, records, properties and staff.

The Internal Audit Department reviews the effectiveness of the Group's internal controls. Material non-compliance and internal control weaknesses noted during such audit and the recommendations of the Internal Audit Department are reported to the ARC quarterly.

Internal mitigating controls under the Group's risk management framework may not eliminate all risks of failure, but these control mechanisms seek to provide reasonable assurance against material misstatement or loss.

The Company's internal auditors meet or exceed the standards set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARC reviews the adequacy and effectiveness of the Internal Audit Department function annually.

CORPORATE GOVERNANCE REPORT *Continued*

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14
Shareholder Rights

The Company treats its shareholders in a fair and equitable manner by protecting and facilitating the exercise of the rights of its shareholders and continually reviewing and updating the relevant governance arrangements.

Shareholders are given opportunities to participate and vote at the Company's general meetings. Notice of general meetings and the Company's Annual Reports are provided to the shareholders in a timely manner to ensure that the shareholders have adequate notice of the general meetings and sufficient information to exercise their rights at the general meetings. If any shareholder is unable to attend a general meeting, he or she may appoint up to two proxies to attend and vote on his or her behalf at such general meeting.

The Company has used the electronic poll voting system at its AGM since 2013, and will do so at its AGM in October 2017. Prior to polling, the electronic polling procedures are explained to the shareholders. An external independent scrutineer is appointed to oversee the polling process.

Principle 15
Communication with Shareholders

The Company engages its shareholders through timely and adequate disclosure of information on matters of material impact to its shareholders.

The principal forum for the Company's dialogues with shareholders is its general meetings, during which shareholders are given the opportunity to comment on and query matters relating to the Company. The Board, Management, the Company Secretary and the Company's external auditors are present at these meetings to address any questions that shareholders may have.

The Company provides information on the Group's financial performance, position and prospects by means of announcements released through SGXNet, the Company's Annual Reports and the Group's press releases. To ensure that all shareholders are made aware of such press releases, such press releases are posted on SGXNet.

To enhance communication with its shareholders, the Company's website at http://www.gl-grp.com provides access to its Annual Reports, financial highlights and announcements, as well as other information regarding the Company. In addition, the website includes a link which allows the Company to be easily contacted.

Enquiries from shareholders, investors, analysts and the press are handled by designated members of Management in lieu of a dedicated investor relations team.

Management meets investors and analysts on a regular basis. Such meetings provide a forum for explaining the Group's business strategy.

The Company ensures that all information that is disclosed is made available by one or more of the above means to all shareholders rather than a select group.

The Company does not have a fixed dividend policy. The frequency and amount of dividends depend on the Company's earnings, cash flow, capital requirements, general financial and business conditions and other factors as the Board deems appropriate. Bearing such considerations in mind, the Company endeavours to achieve a balance between meeting the expectation of its shareholders and prudent financial management. Declarations of dividend are clearly communicated to shareholders via announcements on SGXNET when the Company releases its annual financial results.

Principle 16
Conduct of Shareholder Meetings

The Company encourages active shareholder participation during its general meetings, and ensures that adequate time is allotted during such meeting for soliciting comments and queries from its shareholders on Company matters.

Due to security concerns, the Company will not be implementing absentia voting methods such as by mail, e-mail or facsimile.

Separate resolutions are proposed at general meetings for substantially separate issues.

The Board, Management, the Company Secretary and the Company's external auditors are present at the Company's general meetings to address any questions that shareholders may have.

Minutes of each general meeting are recorded by the Company Secretary and will be made available to shareholders on request.

(E) DEALINGS IN SECURITIES

The Company has, in its Corporate Governance Code, provided guidelines to the Company's officers in relation to dealings in securities. These guidelines set out, inter alia, that officers should refrain from dealing in any securities of the Company when they are in possession of unpublished price-sensitive information in relation to those securities, and during the Company's closed period (defined as two weeks immediately preceding the announcement of the Company's quarterly or half yearly results, and one month immediately preceding the announcement of annual results, in each case up to and including the date of announcement of the relevant results). Officers are also reminded to refrain from dealing in the Company's securities on short-term considerations. These guidelines have been disseminated to all Directors, officers and key employees of the Group.

CORPORATE GOVERNANCE REPORT *Continued*

(F) INTERESTED PERSON TRANSACTIONS

The ARC has reviewed the interested person transactions entered into by the Group during FY2017. The aggregate value of interested person transactions entered into during FY2017 is set out below.

Name of interested person	Aggregate value of all Interested Person Transactions entered into during FY2017 (excluding transactions less than S$100,000 each and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (excluding transactions less than S$100,000 each)
Hong Leong Group Malaysia	S$3,707,794	Not applicable

As the Company does not have any shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited, there is no interested person transaction associated therewith.

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INDEPENDENT AUDITORS' REPORT

Members of the Company
GL Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of GL Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 30 June 2017, the income statement of the Group, statements of comprehensive income and statements of changes in equity of the Group and the Company and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 118.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the International Financial Reporting Standards ("**IFRSs**") so as to present fairly, in all material respects, the financial position of the Group and the Company as at 30 June 2017 and the financial performance, changes in equity of the Group and the Company, and the cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of hotel properties
(Refer to Note 8 to the financial statements)

Risk

As at 30 June 2017, the Group has 14 hotel properties that are located in the United Kingdom and have an aggregate carrying amount of US$992.9 million. These hotel properties represent 70.3% of the Group's total assets and are measured at cost less accumulated depreciation and impairment losses.

The process of identifying indicators of impairment and assessing the recoverable amount of the hotel properties by management requires significant judgement and estimation. There is a risk that the recoverable amount being the higher of fair value less costs to sell and value in use (discounted cash flow) may not be accurate if the hotel sale transactions identified by management are not comparable or the key assumptions applied by management are inappropriate.

Our response

We evaluated the Group's process for identification of indicators of impairment of hotel properties. For each hotel property having indicators of impairment, we tested the integrity of inputs to either the projected fair value based on comparable sales price per room multiplied by the number of rooms in the hotel property, or the projected cash flows used in deriving the value in use from historical earnings before interest, taxation, depreciation and amortisation ("**EBITDA**"). We assessed the growth rate and discount rate applied in the value in use computation for each hotel property by comparing them against historical operating statistics and available industry data, taking into consideration comparability and market factors. We also reviewed the appropriateness of EBITDA multiplier to estimate the terminal values of these hotel properties.

We tested the mathematical accuracy of the recoverable amounts calculations. We considered whether the disclosures in the notes to financial statements describe the inherent degree of subjectivity in the estimates.

Our findings

The Group has a structured process in place to periodically identify indicators of impairment of hotel properties. The basis and assumptions applied for the computation of recoverable amount for each hotel property are supported by either comparable hotel sale transactions or historical EBITDA, historical growth rates and available industry data. There were no errors identified in the recoverable amounts calculations, and disclosures in the financial statements are appropriate.

Valuation of Bass Strait oil and gas royalty
(Refer to Note 9 to the financial statements)

Risk

The Group's Bass Strait oil and gas royalty is stated at cost less accumulated amortisation and impairment losses and has an estimated useful life of 30 years. The carrying amount as at 30 June 2017 was US$76.0 million. The Group received royalty fees of US$24.6 million during the year in relation to all hydrocarbons produced in designated areas in the Bass Strait, Australia.

The recoverable amount of the Bass Strait oil and gas royalty is estimated by the Group making reference to the latest available independent valuation as at 1 July 2016. There is a risk of impairment due to price volatility of oil and gas which may affect the recoverable amount of the Bass Strait oil and gas royalty.

Our response

We assessed the appropriateness of the Group's estimation of the recoverable amount of Bass Strait oil and gas royalty based on value in use, taking into account the valuation methodology and key assumptions in relation to expected production output and market prices.

We also considered the adequacy of the Group's disclosures made in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Our findings

The valuation methodology is in accordance with generally accepted market practices and the key assumptions used are within the observable range of market data. Disclosures in the financial statements are also appropriate.

INDEPENDENT AUDITORS' REPORT *Continued*

Members of the Company
GL Limited

Valuation of casino licence and casino brand
(Refer to Note 9 to the financial statements)

Risk

The Group holds the casino licence and casino brand which have an indefinite life and are stated at cost less accumulated impairment losses. As at 30 June 2017, the casino license and casino brand have an aggregated carrying amount of US$35.8 million.

The gaming operation of the Group has been loss-making since 2012 and there is a risk of impairment of the casino licence and casino brand as at 30 June 2017.

Our response

The Group has estimated the recoverable amounts of the casino licence and casino brand based on the fair value less cost to sell derived from a non-binding offer made by an interested buyer whom the Group is presently in negotiations with. We assessed the reasonableness of the estimated recoverable amount and considered the adequacy of the Group's disclosures made in the financial statements.

Our findings

We found the estimates used in determining the recoverable amounts of the casino licence and casino brand to be appropriate based on the information available to date, noting nonetheless that continuing negotiations with the interested buyer in the future may result in changes of the estimates used. We also found the related disclosures in the financial statements to be appropriate.

Valuation of development properties
(Refer to Note 11 to the financial statements)

Risk

As at 30 June 2017, the development properties held by the Group comprised land parcels located in Hawaii with carrying amounts of US$182.4 million. Development properties are stated at the lower of their cost and their net realisable values.

The Group held the development properties in Hawaii since 1987 and operated a ranch business on the island until its shutdown in March 2008. The determination of the net realisable value of the development properties is dependent upon renewal of the Group's redevelopment plans and expectations of future selling prices in Hawaii. There is therefore a risk that the estimated realisable values exceed future selling prices, resulting in losses when properties are sold.

Our response

We assessed the reasonableness of estimated realisable values appraised by the Group based on the latest transaction prices of properties within the same vicinity in Hawaii and market research reports on property market trends and forecast in Hawaii.

We considered whether the disclosures in the notes to financial statements describe the inherent degree of subjectivity in the estimates.

Our findings

We found that the Group's estimated realisable values to be within a reasonable range of outcomes. We also found the related disclosures in the financial statements on determination of net realisable values for development properties to be appropriate.

Other information

Management is responsible for the other information. Other information is defined as all information in the annual report other than the financial statements and our auditors' report. We have obtained all other information prior to the date of this auditors' report except for the Statistics of Shareholdings which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Statistics of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT *Continued*

Members of the Company
GL Limited

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Tan Kar Yee, Linda.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 August 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2017

	Note	2017 US$M	2016 US$M
Revenue	2	**350.2**	393.9
Cost of sales		**(139.7)**	(166.4)
Gross profit		**210.5**	227.5
Other operating income	3	**4.6**	13.0
Administrative expenses		**(129.2)**	(157.6)
Other operating expenses		**(11.5)**	*
Operating profit		**74.4**	82.9
Finance income		**0.8**	3.3
Finance costs		**(12.0)**	(11.4)
Net financing costs	4	**(11.2)**	(8.1)
Profit before tax	5	**63.2**	74.8
Income tax expense	6	**(14.3)**	(7.4)
Profit for the year		**48.9**	67.4
Profit attributable to:			
Owners of the Company		**49.0**	67.6
Non-controlling interests		**(0.1)**	(0.2)
Profit for the year		**48.9**	67.4
Basic earnings per share (cents)	7	**3.8**	5.2
Diluted earnings per share (cents)	7	**3.8**	5.2

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	2017 US$M	2016 US$M
Profit for the year	**48.9**	67.4
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Pension actuarial gains and losses, net of tax	**(5.2)**	(9.5)
Items that are or may be reclassified subsequently to profit or loss:		
Net exchange differences from consolidation of foreign operations[#]	**(25.2)**	(131.8)
Change in fair value of available-for-sale investments[#]	**(1.3)**	*
Change in fair value on cash flow hedges, net of tax	**2.1**	(5.9)
Other comprehensive income for the year, net of tax	**(29.6)**	(147.2)
Total comprehensive income for the year, net of tax	**19.3**	(79.8)
Total comprehensive income attributable to:		
Owners of the Company	**19.3**	(80.0)
Non-controlling interests	**–**	0.2
Total comprehensive income for the year	**19.3**	(79.8)

[#] There are no income tax effects relating to these components of other comprehensive income

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Share capital US$M	Contributed surplus US$M	Translation reserve US$M	Fair value reserve US$M
Balance at 1 July 2016	**273.6**	**654.2**	**(231.9)**	**0.6**
Total comprehensive income for the year				
Profit/(loss) for the year	**–**	**–**	**–**	**–**
Other comprehensive income				
Net exchange differences from consolidation of foreign operations	**–**	**–**	**(25.3)**	**–**
Change in fair value of available-for-sale investments	**–**	**–**	**–**	**(1.3)**
Change in fair value on cash flow hedges, net of tax	**–**	**–**	**–**	**–**
Pension actuarial losses, net of tax	**–**	**–**	**–**	**–**
Total other comprehensive income, net of tax	**–**	**–**	**(25.3)**	**(1.3)**
Total comprehensive income for the year, net of tax	**–**	**–**	**(25.3)**	**(1.3)**
Transactions with owners, recorded directly in equity				
Value of employee services received for issue of share options	**–**	**–**	**–**	**–**
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2016	**–**	**–**	**–**	**–**
Total transactions with owners	**–**	**–**	**–**	**–**
Balance at 30 June 2017	**273.6**	**654.2**	**(257.2)**	**(0.7)**

The accompanying notes form an integral part of these financial statements.

Hedging reserve US$M	Capital reserve-share based payment US$M	Equity compensation reserve US$M	ESOS reserve US$M	Retained earnings US$M	Total US$M	Non-controlling interests US$M	Total equity US$M
(8.8)	(1.6)	3.6	(46.2)	407.7	1,051.2	(2.5)	1,048.7
–	–	–	–	49.0	49.0	(0.1)	48.9
–	–	–	–	–	(25.3)	0.1	(25.2)
–	–	–	–	–	(1.3)	–	(1.3)
2.1	–	–	–	–	2.1	–	2.1
–	–	–	–	(5.2)	(5.2)	–	(5.2)
2.1	–	–	–	(5.2)	(29.7)	0.1	(29.6)
2.1	–	–	–	43.8	19.3	–	19.3
–	–	(0.2)	–	–	(0.2)	–	(0.2)
–	–	–	–	(20.5)	(20.5)	–	(20.5)
–	–	(0.2)	–	(20.5)	(20.7)	–	(20.7)
(6.7)	(1.6)	3.4	(46.2)	431.0	1,049.8	(2.5)	1,047.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *Continued*

For the year ended 30 June 2017

	Share capital US$M	Contributed surplus US$M	Translation reserve US$M	Fair value reserve US$M
Balance at 1 July 2015	273.6	654.2	(99.7)	0.6
Total comprehensive income for the year				
Profit/(loss) for the year	–	–	–	–
Other comprehensive income				
Net exchange differences from consolidation of foreign operations	–	–	(132.2)	–
Change in fair value of available-for-sale investments	–	–	–	*
Change in fair value on cash flow hedges, net of tax	–	–	–	–
Pension actuarial losses, net of tax	–	–	–	–
Total other comprehensive income, net of tax	–	–	(132.2)	*
Total comprehensive income for the year, net of tax	–	–	(132.2)	*
Transactions with owners, recorded directly in equity				
Value of employee services received for issue of share options	–	–	–	–
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2015	–	–	–	–
Total transactions with owners	–	–	–	–
Balance at 30 June 2016	273.6	654.2	(231.9)	0.6

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

Hedging reserve US$M	Capital reserve-share based payment US$M	Equity compensation reserve US$M	ESOS reserve US$M	Retained earnings US$M	Total US$M	Non-controlling interests US$M	Total equity US$M
(2.9)	(1.6)	4.3	(46.2)	369.8	1,152.1	(2.7)	1,149.4
–	–	–	–	67.6	67.6	(0.2)	67.4
–	–	–	–	–	(132.2)	0.4	(131.8)
–	–	–	–	–	*	–	*
(5.9)	–	–	–	–	(5.9)	–	(5.9)
–	–	–	–	(9.5)	(9.5)	–	(9.5)
(5.9)	–	–	–	(9.5)	(147.6)	0.4	(147.2)
(5.9)	–	–	–	58.1	(80.0)	0.2	(79.8)
–	–	(0.7)	–	–	(0.7)	–	(0.7)
–	–	–	–	(20.2)	(20.2)	–	(20.2)
–	–	(0.7)	–	(20.2)	(20.9)	–	(20.9)
(8.8)	(1.6)	3.6	(46.2)	407.7	1,051.2	(2.5)	1,048.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 US$M	2016 US$M
ASSETS			
Hotels, property and equipment	8	**985.1**	1,042.5
Intangible assets	9	**112.0**	114.2
Pensions surplus	17	**0.6**	2.6
Other investments	10	**0.3**	2.2
TOTAL NON-CURRENT ASSETS		**1,098.0**	1,161.5
Inventories		**0.7**	1.1
Development properties	11	**182.4**	175.7
Trade and other receivables	12	**46.2**	44.8
Cash and cash equivalents	13	**76.0**	49.5
Assets held for sale	14	**8.8**	–
TOTAL CURRENT ASSETS		**314.1**	271.1
TOTAL ASSETS		**1,412.1**	1,432.6
LIABILITIES			
Loans and borrowings	15	**6.1**	4.3
Trade and other payables	16	**79.4**	91.8
Corporate tax payable		**4.8**	2.3
Provisions	17	**0.3**	1.0
TOTAL CURRENT LIABILITIES		**90.6**	99.4
Loans and borrowings	15	**252.1**	261.4
Pensions obligations	17	**2.8**	3.3
Deferred tax liabilities	18	**11.2**	9.1
Derivative financial liability	19	**8.1**	10.7
TOTAL NON-CURRENT LIABILITIES		**274.2**	284.5
TOTAL LIABILITIES		**364.8**	383.9
NET ASSETS		**1,047.3**	1,048.7
SHARE CAPITAL AND RESERVES (pages 50 to 53)	20		
Equity attributable to owners of the Company		**1,049.8**	1,051.2
Non-controlling interests		**(2.5)**	(2.5)
TOTAL EQUITY		**1,047.3**	1,048.7

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors



Tang Hong Cheong
Group Managing Director



Timothy Teo Lai Wah
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 US$M	2016 US$M
OPERATING ACTIVITIES			
Profit before financing costs		**74.4**	82.9
Adjustments for non-cash items			
Depreciation of hotels, property and equipment		**21.9**	25.4
Amortisation of intangible assets		**3.3**	3.2
Share option benefits, doubtful debts and others		*****	(0.7)
Distribution in kind from other investments		**(2.2)**	–
Gain on disposal from other investments		**(1.9)**	–
Gain on disposal of property and equipment		**(0.1)**	–
Write-off of property and equipment		**3.7**	–
Net change in working capital items			
Inventories/development properties		**(6.3)**	1.3
Trade and other receivables		**(1.9)**	13.8
Trade and other payables		**(13.0)**	(21.0)
Pension surplus and obligations/provisions		**0.7**	4.4
Income tax paid		**(9.5)**	(14.5)
Cash flows from operating activities		**69.1**	94.8
INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		**0.1**	0.1
Proceeds from sale of other investments		**4.5**	–
Capital redemption of other investments		**0.2**	0.3
Acquisition of hotels, property and equipment		**(16.0)**	(19.2)
Cash flows used in investing activities		**(11.2)**	(18.8)
FINANCING ACTIVITIES			
Interest received		**0.8**	0.4
Interest paid		**(11.8)**	(10.2)
Other financing costs		**(0.5)**	(0.2)
Realised exchange (loss)/gains on financial derivatives		**(0.4)**	1.7
Dividend paid to shareholders of the Company		**(20.5)**	(20.2)
Cash flows used in financing activities		**(32.4)**	(28.5)
Net increase in cash and cash equivalents		**25.5**	47.5
Cash and cash equivalents at beginning of the year		**45.2**	1.1
Effect of exchange rate fluctuations on cash held		**(0.8)**	(3.4)
Cash and cash equivalents at end of the year	13	**69.9**	45.2

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

GL Limited (the "**Company**") is a company continued in Bermuda as an exempted company with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The intermediate holding company is Guoco Group Limited, incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia. The consolidated financial statements for the year ended 30 June 2017 relate to the Company and its subsidiaries (together, "**Group**").

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") promulgated by the International Accounting Standards Board ("**IASB**"), and the requirements of Bermuda law.

The financial statements were authorised for issue by the Directors on 25 August 2017.

(B) BASIS OF PREPARATION

(i) Functional and presentation currency

The financial statements are presented in United States Dollars ("**USD**") which is the functional currency of the Company. In determining the functional currency of the Company, management considered the economic environment that the Company operates and exercised judgment that USD represent the economic effect of the underlying transactions, events and conditions.

(ii) Basis of measurement

All financial information is rounded to the nearest hundred thousand, unless otherwise stated. They are prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In addition to the Company's critical judgment in determining its functional currency as described above, information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 8 – Measurement of recoverable amount of hotels, property and equipment
- Note 9 – Measurement of recoverable amount of intangible assets
- Note 11 – Valuation of development properties
- Note 18 – Recognition of deferred tax assets

(B) BASIS OF PREPARATION *(Continued)*

(iii) Use of estimates and judgements *(Continued)*

Measurement of fair value

Certain of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows (with Level 3 being the lowest):

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level or the fair value hierarchy as the lowest level input that is significant to the entire measurement (with level 3 being the lowest).

The Group recognises movement from one level of the fair value hierarchy to another as of the end of the reporting period during which the change occurs.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 – Valuation of other investments
- Note 22 – Valuation of financial instruments

(iv) Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 July 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

(C) BASIS OF CONSOLIDATION

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

SIGNIFICANT ACCOUNTING POLICIES *Continued*

(C) BASIS OF CONSOLIDATION *(Continued)*

(i) Business combinations *(Continued)*

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Accounting for subsidiaries of the Company

Investments in subsidiaries are stated in the Company's statement of financial position at cost less, if any, impairment losses.

(D) FOREIGN CURRENCY

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "**functional currency**").

Transactions in foreign currencies are translated to the respective functional currencies of Group's entities at the exchanges rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for the differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income ("**OCI**") are reclassified to profit or loss) and qualifying cash flow hedges to the extent the hedge is effective which are recognised in OCI.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to USD at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve ("**translation reserve**") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests ("**NCI**"). When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

(E) NON-DERIVATIVE FINANCIAL ASSETS

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

SIGNIFICANT ACCOUNTING POLICIES *Continued*

(E) NON-DERIVATIVE FINANCIAL ASSETS *(Continued)*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

(i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepaid expenses.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise shares in unlisted venture fund.

(F) NON-DERIVATIVE FINANCIAL LIABILITIES

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

(F) NON-DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdraft, and trade and other payables.

(G) DERIVATIVE FINANCIAL INSTRUMENTS, INCLUDING HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

SIGNIFICANT ACCOUNTING POLICIES *Continued*

(H) HOTELS, PROPERTY AND EQUIPMENT

(i) Recognition and measurement

Items of hotels, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of hotels, property and equipment have different useful lives, they are accounted for as separate items (major components) of hotels, property and equipment.

The gain and loss on disposal of an item of hotels, property and equipment (calculated as the difference between proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Depreciation

Depreciation is based on cost of an asset less its residual value.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of items of hotels, property and equipment. Freehold land is not depreciated. Depreciation rates are:

Core elements of freehold building and long leasehold land and buildings (more than 20 years to run)	Remaining useful economic life (up to 100 years)
Short leasehold land and buildings (less than 20 years to run)	Remaining life of lease
Vehicles and fittings	4% to 33⅓%

Depreciation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(I) INTANGIBLE ASSETS

(i) Bass Strait oil and gas royalty

Bass Strait oil and gas royalty is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 30 years.

Amortisation method and useful life are reviewed at each financial year-end and adjusted if appropriate.

(ii) Casino licence

The Group capitalises acquired casino licence. Management believes that licence has an indefinite life as there is no foreseeable limit to the period during which the licence is expected to generate net cash inflows and holds a value outside the property in which it resides. The licence is stated at cost and reviewed annually for impairment.

(I) INTANGIBLE ASSETS *(Continued)*

(iii) Hotel brand

The hotel brand is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 10 years.

(iv) Casino brand

The Group capitalises acquired casino brand. Management believes that the brand has an indefinite life as there is no foreseeable limit to the period during which the brand is expected to generate net cash inflows. The casino brand is stated at cost and reviewed annually for impairment.

(J) DEVELOPMENT PROPERTIES

Development properties are stated at the lower of cost and net realisable value. The cost of development properties includes expenditure incurred in acquiring the development properties and other cost incurred bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(K) IMPAIRMENT

(i) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("**CGU**") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

SIGNIFICANT ACCOUNTING POLICIES *Continued*

(K) IMPAIRMENT *(Continued)*

(ii) Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet been identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

(L) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Hotels, property and equipment and intangible assets once classified as asset held for sale are not amortised.

(M) EMPLOYEE BENEFITS

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

SIGNIFICANT ACCOUNTING POLICIES *Continued*

(M) EMPLOYEE BENEFITS *(Continued)*

(ii) Defined benefit plans *(Continued)*

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Share-based payment transactions

The stock option programme allows Group's employees to acquire shares of the Company. The option exercise price equals 5-day weighted average market price of the shares immediately prior to the date of grant for which there was trading in the shares.

The Group accounts for the stock options as equity settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity compensation reserve. The fair value is measured at grant date and spread over the period during which the options vest.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period, where necessary.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(N) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(O) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(P) PURCHASE OF SHARE CAPITAL FOR EQUITY AND EQUITY-RELATED COMPENSATION BENEFITS

Shares purchased for the purpose of the GL Limited Executives' Share Option Scheme ("**ESOS 2008**") are classified as ESOS reserve and presented as a deduction from equity.

Equity is reduced by the costs associated with such purchase, comprising the purchase consideration plus costs incidental to the acquisition.

(Q) REVENUE AND INCOME RECOGNITION

Revenue from hotel operations is recognised in the profit or loss on an accrual basis, upon services being rendered. Revenue from hotel operations includes income earned from sales of food and beverages, rendering of laundry services, sublease rental income and other miscellaneous income. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Revenue from oil and gas royalty is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Revenue from gaming operations represents the net gaming wins and losses before deduction of gaming duty.

Revenue from property development relates to utility and lease income. Utility income is recognised in the profit or loss on an accrual basis, upon water being generated. Lease income is recognised in the profit or loss on an accrual basis in accordance with the substance of the lease agreements.

Dividend income is recognised in the profit or loss on the date that the Group's right to receive payment is established.

Interest income is recognised in the profit or loss as it accrues, using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(R) EXPENSES

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Financing costs

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method. All other costs incurred in connection with borrowings are expensed as incurred as part of financing costs.

SIGNIFICANT ACCOUNTING POLICIES *Continued*

(S) INCOME TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries and joint operations to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(T) EARNINGS PER SHARE

The Group presents basic and diluted earnings per share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(U) SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision-makers ("**CODM**") to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire hotels, property and equipment, and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

Except where stated to refer to the Company, all notes refer to the Group.

1. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of strategic decision making, resource allocation and performance assessment, the Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately.

The following summary describes the operations in each of the Group's reportable segments:

Hotels:	This segment owns, leases and manages a chain of hotels in the United Kingdom under the "Guoman", "Amba", "every", "Thistle" and "Thistle Express" brand names.
Oil and gas:	This segment receives royalty income from the entitlement of Bass Strait's oil and gas production in Australia.
Property development:	This segment engages in development of land and properties in Hawaii and Fiji for sale.
Gaming:	This segment engages in the casino operations under The Clermont Club, an exclusive casino in Mayfair, London.
Others:	This segment covers the Group's other investments, treasury operations and corporate office.

Geographical Segments

The geographical segments are United Kingdom, Australasia, United States of America and Asia.

In presenting information geographically, segment revenue is based on the geographical location of the external customers. Segment assets are based on the geographical location of the assets. There are no transactions between reportable segments.

Major customer

There is no major customer contributing 10 per cent or more to the revenue of the Group.

1. SEGMENT REPORTING *(Continued)*

(i) Reportable segment revenue and profit and loss

2017	Hotels US$M	Oil and gas US$M	Property development US$M	Gaming US$M	Others US$M	Total US$M
Revenue	**318.5**	**24.6**	**3.1**	**4.0**	**–**	**350.2**
Cost of sales	**(138.3)**	**–**	**(0.5)**	**(0.9)**	**–**	**(139.7)**
Gross profit	**180.2**	**24.6**	**2.6**	**3.1**	**–**	**210.5**
Other operating income	**0.2**	**–**	*****	**0.1**	**4.3**	**4.6**
Administrative expenses	**(109.1)**	**(3.9)**	**(4.4)**	**(7.3)**	**(4.5)**	**(129.2)**
Other operating expenses	**(11.4)**	**–**	**–**	**–**	**(0.1)**	**(11.5)**
Operating profit/(loss)	**59.9**	**20.7**	**(1.8)**	**(4.1)**	**(0.3)**	**74.4**
Finance income	**0.6**	**–**	**–**	**–**	**0.2**	**0.8**
Finance costs	**(11.6)**	**–**	**–**	**(0.1)**	**(0.3)**	**(12.0)**
Net financing (costs)/income	**(11.0)**	**–**	**–**	**(0.1)**	**(0.1)**	**(11.2)**
Profit/(loss) before tax	**48.9**	**20.7**	**(1.8)**	**(4.2)**	**(0.4)**	**63.2**
Income tax (expense)/benefit	**(5.8)**	**(7.9)**	**0.2**	**(0.8)**	*****	**(14.3)**
Profit/(loss) for the year	**43.1**	**12.8**	**(1.6)**	**(5.0)**	**(0.4)**	**48.9**
2016						
Revenue	355.3	20.7	9.4	8.5	–	393.9
Cost of sales	(163.8)	–	(0.9)	(1.7)	–	(166.4)
Gross profit	191.5	20.7	8.5	6.8	–	227.5
Other operating income	12.5	–	0.4	–	0.1	13.0
Administrative expenses	(135.4)	(3.7)	(4.8)	(8.8)	(4.9)	(157.6)
Other operating expenses	–	–	*	–	*	*
Operating profit/(loss)	68.6	17.0	4.1	(2.0)	(4.8)	82.9
Finance income	1.0	–	–	–	2.3	3.3
Finance costs	(11.2)	–	–	(0.2)	*	(11.4)
Net financing (costs)/income	(10.2)	–	–	(0.2)	2.3	(8.1)
Profit/(loss) before tax	58.4	17.0	4.1	(2.2)	(2.5)	74.8
Income tax (expense)/benefit	0.8	(6.8)	(0.9)	(0.3)	(0.2)	(7.4)
Profit/(loss) for the year	59.2	10.2	3.2	(2.5)	(2.7)	67.4

* Amount less than US$0.1m

NOTES TO THE FINANCIAL STATEMENTS *Continued*

1. SEGMENT REPORTING *(Continued)*

(ii) Reportable segment asset and liability

2017	Hotels US$M	Oil and gas US$M	Property development US$M	Gaming US$M	Others US$M	Total US$M
Segment assets	**1,075.1**	**76.0**	**184.8**	**37.8**	**38.4**	**1,412.1**
Segment liabilities	**349.6**	**–**	**0.6**	**8.6**	**6.0**	**364.8**
Depreciation and amortisation	**21.6**	**3.2**	**0.2**	**0.2**	*	**25.2**
Capital expenditure	**15.7**	**–**	**0.1**	**0.1**	**0.1**	**16.0**
2016						
Segment assets	1,089.9	76.8	179.3	39.5	47.1	1,432.6
Segment liabilities	359.4	–	0.6	6.6	17.3	383.9
Depreciation and amortisation	25.1	3.1	0.1	0.2	0.1	28.6
Capital expenditure	18.9	–	–	0.3	–	19.2

* Amount less than US$0.1m

(iii) Geographical information

2017	United Kingdom US$M	Australasia US$M	United States of America US$M	Asia US$M	Total US$M
Revenue	**322.5**	**24.6**	**3.1**	**–**	**350.2**
Non-current assets	**1,021.3**	**76.0**	**0.6**	**0.1**	**1,098.0**
Capital expenditure	**15.8**	**–**	**0.1**	**0.1**	**16.0**
2016					
Revenue	363.8	27.1	3.0	–	393.9
Non-current assets	1,081.9	76.8	2.7	0.1	1,161.5
Capital expenditure	19.2	–	–	–	19.2

2. REVENUE

	2017 US$M	2016 US$M
Revenue from hotel operations	**318.5**	355.3
Revenue from Bass Strait oil and gas royalty	**24.6**	20.7
Revenue from property developments	**3.1**	9.4
Revenue from gaming operations	**4.0**	8.5
	350.2	393.9

3. OTHER OPERATING INCOME

	2017 US$M	2016 US$M
Termination fee from hotel management contract	**–**	12.5
Sundry income	**0.4**	0.5
Distribution in kind from other investments	**2.2**	–
Gain on disposal from other investments	**1.9**	–
Gain on disposal of property and equipment	**0.1**	–
	4.6	13.0

4. NET FINANCING COSTS

	2017 US$M	2016 US$M
Interest income	**0.3**	0.1
Foreign exchange gain	**–**	2.2
Other finance income	**0.5**	1.0
Finance income	**0.8**	3.3
Interest expense	**(11.3)**	(10.9)
Foreign exchange loss	**(0.2)**	–
Other finance costs	**(0.5)**	(0.5)
Finance costs	**(12.0)**	(11.4)
Net financing costs	**(11.2)**	(8.1)

NOTES TO THE FINANCIAL STATEMENTS *Continued*

5. PROFIT BEFORE TAX

The following items have been Ied in arriving at profit before tax:

	Note	2017 US$M	2016 US$M
Audit fees paid to:			
- auditors of the Company		**0.2**	0.2
- other auditors		**0.3**	0.3
Non-audit fees paid to:			
- auditors of the Company		*	–
- other auditors		**0.2**	0.1
Operating lease expense	23	**43.1**	50.0
Management fees paid to related party	24	**2.5**	2.7
Depreciation and amortisation		**25.2**	28.6
Personnel expenses (see below)		**80.8**	98.8
Write-off of property and equipment		**3.7**	–
Allowance for doubtful debts		**0.1**	–

Personnel expenses	2017 US$M	2016 US$M
Wages, salaries and benefits	**79.3**	97.3
Contribution to defined contribution plans	**1.2**	1.6
Contribution to defined benefit plans	**0.2**	0.3
Share option benefit	**(0.2)**	(0.7)
Directors' fees	**0.3**	0.3
	80.8	98.8

Included in personnel expenses is compensation to key management personnel of the Group as follows:

	2017 US$M	2016 US$M
Directors of the Company		
- fees	**0.3**	0.3
Senior management personnel of the Group		
- salaries, bonuses, contributions to defined contribution and benefit plans and other benefits	**1.8**	2.7
- share option expenses/(benefits)	**0.1**	(1.0)

* Amount less than US$0.1m

6. INCOME TAX EXPENSE

Recognised in the income statement	2017 US$M	2016 US$M
Current tax expense:		
Current year	**13.2**	12.6
Adjustment for prior years	**(1.2)**	2.1
	12.0	14.7
Deferred tax expense/(benefit):		
Origination and reversal of temporary differences	**2.4**	(4.9)
Reduction in tax rate	**(1.0)**	(1.6)
Adjustment for prior years	**0.9**	(0.8)
	2.3	(7.3)
Total income tax expenses in the income statement	**14.3**	7.4

Reconciliation of effective tax	2017 US$M	2016 US$M
Profit before tax	**63.2**	74.8
Effect of:		
Tax at the applicable rates[#] to profits in the countries concerned	**11.0**	13.2
Adjustment for prior years	**(0.3)**	1.3
Reduction in tax rate	**(1.0)**	(1.6)
Non-taxable income	**(2.0)**	(1.4)
Non-deductible expenses	**5.7**	8.1
Changes in unrecognised temporary differences	**0.4**	(12.7)
Current year tax losses for which no deferred tax assets was recognised	**1.1**	0.9
Others	**(0.6)**	(0.4)
	14.3	7.4

There is no tax payable by the Company as it is not liable for income tax in Bermuda.

[#] This mainly comprises the combined corporate tax rates of United Kingdom, Australia and Fiji at 19%, 30% and 20% (2016: 20%, 30%, 20%) respectively

NOTES TO THE FINANCIAL STATEMENTS *Continued*

7. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of US$49.0m (2016: US$67.6m) and the weighted average number of ordinary shares outstanding during the year, calculated as follows:

Weighted average number of ordinary shares (basic)	Note	2017 M	2016 M
Issued ordinary shares at 1 July	20	**1,368.1**	1,368.1
ESOS reserve	20	**(68.3)**	(68.3)
Weighted average number of ordinary shares at 30 June		**1,299.8**	1,299.8

Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of US$49.0m (2016: US$67.6m) and the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)	2017 M	2016 M
Weighted average number of ordinary shares (basic) at 30 June	**1,299.8**	1,299.8
Effect of weighted average share options in issue	**–**	–
Weighted average number of ordinary shares (diluted) at 30 June	**1,299.8**	1,299.8

As at 30 June 2017, there were no outstanding dilutive potential ordinary shares.

8. HOTELS, PROPERTY AND EQUIPMENT

2017	Freehold land and buildings US$M	Leasehold land and buildings US$M	Vehicles and fittings US$M	Total US$M
Cost				
Balance at 1 July 2016	**363.4**	**692.7**	**380.4**	**1,436.5**
Effect of movements in foreign exchange	**(13.3)**	**(25.4)**	**(14.0)**	**(52.7)**
Transfer to assets held for sale/development properties	**–**	**(9.1)**	**(11.4)**	**(20.5)**
Additions	**2.5**	**0.3**	**13.2**	**16.0**
Disposals/written off	*	**(0.9)**	**(8.7)**	**(9.6)**
Balance at 30 June 2017	**352.6**	**657.6**	**359.5**	**1,369.7**
Accumulated depreciation				
Balance at 1 July 2016	**31.6**	**82.3**	**280.1**	**394.0**
Effect of movements in foreign exchange	**(1.1)**	**(2.8)**	**(10.0)**	**(13.9)**
Transfer to assets held for sale/development properties	**–**	**(1.8)**	**(9.7)**	**(11.5)**
Depreciation charge	**2.0**	**7.0**	**12.9**	**21.9**
Disposals/written off	*	**(0.4)**	**(5.5)**	**(5.9)**
Balance at 30 June 2017	**32.5**	**84.3**	**267.8**	**384.6**
Net Book Value at 30 June 2017	**320.1**	**573.3**	**91.7**	**985.1**

* Amount less than US$0.1m

NOTES TO THE FINANCIAL STATEMENTS *Continued*

8. HOTELS, PROPERTY AND EQUIPMENT *(Continued)*

2016	Freehold land and buildings US$M	Leasehold land and buildings US$M	Vehicles and fittings US$M	Total US$M
Cost				
Balance at 1 July 2015	416.7	765.9	471.2	1,653.8
Effect of movements in foreign exchange	(59.9)	(114.6)	(61.1)	(235.6)
Reclassification	3.6	37.8	(41.4)	–
Transfer from development properties/inventories	–	–	0.4	0.4
Additions	3.0	3.6	12.6	19.2
Disposals/written off	–	–	(1.3)	(1.3)
Balance at 30 June 2016	363.4	692.7	380.4	1,436.5
Accumulated depreciation				
Balance at 1 July 2015	17.6	40.1	375.9	433.6
Effect of movements in foreign exchange	(5.1)	(13.2)	(45.5)	(63.8)
Reclassification	16.9	48.1	(65.0)	–
Depreciation charge	2.2	7.3	15.9	25.4
Disposals/written off	–	–	(1.2)	(1.2)
Balance at 30 June 2016	31.6	82.3	280.1	394.0
Net Book Value at 1 July 2015	399.1	725.8	95.3	1,220.2
Net Book Value at 30 June 2016	331.8	610.4	100.3	1,042.5

The Group estimates the recoverable amount of hotels, property and equipment based on discounted cash flow projections of hotel properties. The principal assumptions underlying these projections include cash flow forecast, revenue growth, maintenance capital expenditure and discount rates.

During the year, one of the hotel assets has been reclassified to assets held for sale (see Note 14).

As at 30 June 2017, the Group's secured borrowings totalling US$74.4m (2016: US$77.6m) (see Note 15) were secured on one hotel (2016: one hotel) owned by the Group with net book value of US$116.7m (2016: US$122.7m).

9. INTANGIBLE ASSETS

2017	Bass Strait oil and gas royalty US$M	Casino licence US$M	Casino/ Hotel brand US$M	Total US$M
Cost				
Balance at 1 July 2016	**140.9**	**32.4**	**8.7**	**182.0**
Effect of movements in foreign exchange	**4.5**	**(1.2)**	**(0.3)**	**3.0**
Balance at 30 June 2017	**145.4**	**31.2**	**8.4**	**185.0**
Accumulated amortisation and impairment losses				
Balance at 1 July 2016	**64.1**	**–**	**3.7**	**67.8**
Amortisation	**3.2**	**–**	**0.1**	**3.3**
Effect of movements in foreign exchange	**2.1**	**–**	**(0.2)**	**1.9**
Balance at 30 June 2017	**69.4**	**–**	**3.6**	**73.0**
Net Book Value at 30 June 2017	**76.0**	**31.2**	**4.8**	**112.0**
2016				
Cost				
Balance at 1 July 2015	145.4	37.8	10.0	193.2
Effect of movements in foreign exchange	(4.5)	(5.4)	(1.3)	(11.2)
Balance at 30 June 2016	140.9	32.4	8.7	182.0
Accumulated amortisation and impairment losses				
Balance at 1 July 2015	62.9	–	4.1	67.0
Amortisation	3.1	–	0.1	3.2
Effect of movements in foreign exchange	(1.9)	–	(0.5)	(2.4)
Balance at 30 June 2016	64.1	–	3.7	67.8
Net Book Value at 30 June 2016	76.8	32.4	5.0	114.2

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait's oil and gas production in Australia. The recoverable amount of the Bass Strait oil and gas royalty was estimated to be higher than its carrying amount as at 30 June 2017, and therefore, no impairment was required (2016: Nil).

The Board has estimated the recoverable amounts for the casino licence and casino brand based on the fair value less cost to sell derived from the offer made by an interested buyer whom the Group is presently in negotiations with. The recoverable amounts for these intangible assets exceeded their carrying amounts as at 30 June 2017, and therefore, no impairment was required (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS *Continued*

10. OTHER INVESTMENTS

	2017 US$M	2016 US$M
Available-for-sale investment:		
Shares in unlisted venture fund	**0.3**	2.2
	0.3	2.2

Other investments carried at fair value are categorised within level 3 of the fair value hierarchy. The fair values are determined using a valuation technique based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the venture fund. The assets held by the venture fund comprises mainly of non-publicly traded securities.

Non-publicly traded securities for which observable market prices in active markets do not exist are reported at estimated fair value, determined based on the best information available and by reference to information including, but not limited to, the following: projected net earnings before interest, taxes, depreciation and amortisation (EBITDA); financial position; comparable public or private sales transactions; subsequent rounds of financing; valuations for publicly traded comparable companies and/or other measures; and consideration of any other information, including the types of securities held and restrictions on disposition of the securities.

The methods used to estimate fair value included (a) the market approach (fair value derived by reference to observable valuation measures), (b) the income approach (e.g. the discounted cash flow method) and (c) cost at acquisition or as indicated by the most recent round of financing. The estimated fair value of other investments would increase if net asset value was higher.

The venture fund has a fund period expiring in November 2017, which may otherwise be extended by the general partner. The venture fund will be liquidated by the general partner within two years from the expiration of the fund period.

The Group's exposure to credit and market risk and fair value information related to other investments are disclosed in Note 22.

11. DEVELOPMENT PROPERTIES

As at 30 June 2017, the Group's development properties, which are wholly owned, are located in the United States of America, being the 55,575 (2016: 55,575) acres land parcel on Molokai island in Hawaii.

The Board has reviewed the expected net realisable amounts of the development properties, taking into account prevailing and forecast market conditions in Hawaii as well as latest transaction prices of properties within the same vicinity in Hawaii. The estimated net realisable value of the development properties in Molokai exceeded the carrying amount as at 30 June 2017, and thus, no write-down was required.

12. TRADE AND OTHER RECEIVABLES

	2017 US$M	2016 US$M
Trade receivables[#]	**19.0**	15.2
Deposits	**0.1**	*
Interest receivables	*	0.5
Other receivables	**3.6**	2.8
Prepaid expenses	**23.5**	26.3
	46.2	44.8

[#] Trade receivables are stated net of allowance of doubtful debts of US$0.4m (2016: US$0.3m). Refer to Note 22 for more details.

[*] Amount less than US$0.1m

13. CASH AND CASH EQUIVALENTS

	Note	2017 US$M	2016 US$M
Bank balances		**58.8**	24.0
Short-term deposits		**16.4**	24.8
Cash in hand		**0.8**	0.7
Cash and cash equivalents in the statement of financial position		**76.0**	49.5
Bank overdrafts	15	**(6.1)**	(4.3)
Cash and cash equivalents in the statement of cash flows		**69.9**	45.2

Cash and cash equivalents are denominated in the following currencies:

	2017 US$M	2016 US$M
United States Dollars	**17.7**	26.4
Singapore Dollars	**0.3**	0.9
Pound Sterling	**56.1**	20.2
Australian Dollars	**0.5**	0.9
New Zealand Dollars	**0.6**	0.2
Fiji Dollars	**0.5**	0.6
Malaysian Ringgit	**0.3**	0.3
	76.0	49.5

NOTES TO THE FINANCIAL STATEMENTS *Continued*

13. CASH AND CASH EQUIVALENTS *(Continued)*

Short-term deposits at the reporting date have contractual maturity periods ranging between overnight and one month with the following weighted average effective interest rates:

	2017 %	2016 %
Australian Dollars	**1.49**	1.75
New Zealand Dollars	**1.72**	2.25
United States Dollars	**0.25**	0.73

14. ASSETS HELD FOR SALE

	2017 US$M	2016 US$M
Hotel, property and equipment	**8.8**	–
	8.8	–

On 23 February 2017, a compulsory purchase notice was served by the United Kingdom Department for Transport on a Thistle brand hotel due to expropriation of land for the future construction of a high speed railway line in London. The General Vesting Declaration ("**GVD**"), a notice that gives a local authority the right to take over the ownership of land, was issued on 21 July 2017 for completion of the land transfer by 30 October 2017. As at 30 June 2017, the relevant hotel, property and equipment have been reclassified as assets held for sale as the land transfer is expected to be completed within the next 12 months.

15. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to liquidity, interest rate and foreign currency risk, refer to Note 22.

Group	2017 US$M	2016 US$M
CURRENT LIABILITIES		
Bank overdrafts (unsecured)	**6.1**	4.3
	6.1	4.3
NON-CURRENT LIABILITIES		
Bank loans (unsecured)	**177.7**	183.8
Mortgage debenture stock (secured)	**74.4**	77.6
	252.1	261.4
	258.2	265.7

15. LOANS AND BORROWINGS *(Continued)*

As at 30 June 2017, the mortgage debenture stock is secured by one hotel (2016: one hotel) owned by the Group with net book value of US$116.7m (2016: US$122.7m) (see Note 8).

Terms and debt repayment schedule

Group	Total US$M	Under 1 year US$M	1 - 2 years US$M	2 - 5 years US$M	Over 5 years US$M
2017					
Bank overdraft	**6.1**	**6.1**	**–**	**–**	**–**
Bank loans:					
- Pound Sterling	**177.7**	**–**	**–**	**177.7**	**–**
Mortgage debenture stock:					
- Pound Sterling	**74.4**	**–**	**–**	**74.4**	**–**
	258.2	**6.1**	**–**	**252.1**	**–**
2016					
Bank overdraft	4.3	4.3	–	–	–
Bank loans:					
- Pound Sterling	183.8	–	–	183.8	–
Mortgage debenture stock:					
- Pound Sterling	77.6	–	–	–	77.6
	265.7	4.3	–	183.8	77.6

16. TRADE AND OTHER PAYABLES

	2017 US$M	2016 US$M
Trade payables	**25.1**	31.3
Management fees payable to a related party	**2.2**	2.3
Interest payable	**0.6**	1.1
Deposits received	**8.9**	9.0
Accrued rental	**14.5**	17.5
Accrued expenses	**4.6**	9.9
Other payables	**23.5**	20.7
	79.4	91.8

NOTES TO THE FINANCIAL STATEMENTS *Continued*

17. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS

Group	Pensions US$M	Provision for legal claim and others US$M	Total US$M
Balance at 1 July 2016	**0.7**	**1.0**	**1.7**
Provisions made during the year (net)	**5.7**	**7.8**	**13.5**
Provisions utilised during the year	**(4.4)**	**(8.5)**	**(12.9)**
Effect of movements in exchange rates	**0.2**	*	**0.2**
Balance at 30 June 2017	**2.2**	**0.3**	**2.5**

Pensions as at 30 June 2017 are classified as:

Pensions surplus	**(0.6)**
Pensions obligations	**2.8**
	2.2

* Amount less than US$0.1m

Group	Pensions US$M	Provision for legal claim and others US$M	Total US$M
Balance at 1 July 2015	(6.7)	3.2	(3.5)
Provisions made during the year (net)	11.6	1.4	13.0
Provisions utilised during the year	(5.2)	(3.4)	(8.6)
Effect of movements in exchange rates	1.0	(0.2)	0.8
Balance at 30 June 2016	0.7	1.0	1.7

Pensions as at 30 June 2016 are classified as:

Pensions surplus	(2.6)
Pensions obligations	3.3
	0.7

17. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

Pensions

The Group has several defined contribution and defined benefit pension schemes, all of which are closed to new members and their assets are held in separate funds administered by independent trustees. Actuarial valuations are carried out at least once every three years. The Group has set aside sufficient funds to fund the scheme.

These defined benefit pension schemes exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

	2017 US$M	2016 US$M
Present value of funded obligations	**130.8**	129.2
Less: Fair value of plan assets	**(128.6)**	(128.5)
Present value of net obligations	**2.2**	0.7

Changes in the present value of the defined benefit obligation:

Opening defined benefit obligation	**129.2**	139.1
Current service cost	**0.3**	0.3
Interest cost	**3.7**	4.9
Actuarial losses arising from:		
- demographic assumption	**(1.9)**	(1.5)
- financial assumption	**10.1**	12.9
- experience adjustment	**(0.4)**	(1.5)
Benefits paid	**(5.9)**	(5.0)
Effects of movements in exchange rates	**(4.3)**	(20.0)
Closing defined benefit obligation	**130.8**	129.2

Changes in the fair value of plan assets:

Opening fair value of plan assets	**(128.5)**	(145.8)
Contributions from the Company	**(4.4)**	(5.2)
Benefits paid	**5.9**	5.0
Actuarial gains	**(6.1)**	(3.5)
Effects of movements in exchange rates	**4.5**	21.0
Closing fair value of plan assets	**(128.6)**	(128.5)

Movements in the net (assets)/liabilities for defined benefit pension scheme obligations recognised in the statement of financial position:

Opening balance	**0.7**	(6.7)
Contributions paid	**(4.4)**	(5.2)
Expense recognised in the income statement	**0.2**	0.3
Actuarial losses recognised in other comprehensive income	**5.5**	11.3
Effect of movements in exchange rates	**0.2**	1.0
Closing balance	**2.2**	0.7

NOTES TO THE FINANCIAL STATEMENTS *Continued*

17. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

Pensions *(Continued)*

	2017 US$M	2016 US$M
Expense recognised in the income statement:		
Current service costs	**0.3**	0.3
Net interest expense on obligation	**(0.1)**	*
	0.2	0.3
Plan assets comprise of:		
Equity/Diversified growth fund	**68.5**	66.9
Bond	**59.7**	61.0
Cash	**0.4**	0.6
	128.6	128.5

* Amount less than US$0.1m

Principal actuarial assumptions as at the reporting date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	**2.65 - 4.00**	3.05 - 4.00
Rate of increase to pensions in payment (RPI maximum 5% pa)	**3.05**	2.80
Rate of increase to pensions in payment (CPI maximum 3% pa)	**1.85**	1.70
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	**1.70**	1.55
Rate of increase in salaries	**3.70**	3.35

17. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

Pensions *(Continued)*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase US$M	Decrease US$M
2017		
Discount rate (1% movement)	**(21.0)**	**21.0**
Rate of increase to pensions in payment (1% movement)	**5.6**	**(5.6)**
Rate of increase in salaries (1% movement)	**0.2**	**(0.2)**
Future mortality (1% movement)	**(4.7)**	**4.7**
2016		
Discount rate (1% movement)	(20.7)	20.8
Rate of increase to pensions in payment (1% movement)	5.6	(5.6)
Rate of increase in salaries (1% movement)	0.2	(0.2)
Future mortality (1% movement)	(6.9)	6.2

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Provision for legal claim

A subsidiary ("**Subsidiary A**") is subject to a legal claim in the United Kingdom ("**UK**") in relation to a hotel property ("**Property**") previously leased and operated by another subsidiary ("**Subsidiary B**"). Subsidiary A had provided a guarantee in favour of the claimant ("**Guarantee**") when leases relating to the Property were assigned by the claimant to Subsidiary B in 1989. Subsidiary B assigned the leases to a third party in 2003, and was voluntarily dissolved in 2008.

Under UK law, a landlord may require the previous tenant of a property to assume liability under a lease for the property which came into existence prior to 1996 if the current tenant is insolvent.

The current tenant of the Property became insolvent, and the landlord of the Property made a legal claim against the claimant (the original tenant of the Property), requiring the claimant to pay rent and other amounts due under the leases. In turn, the claimant made a claim against Subsidiary A pursuant to the Guarantee for such rent and other amounts. The rent is about US$0.5 million per annum, subject to fixed rent review at intervals, and the leases have a remaining term of approximately 51 years.

In prior year, the Group recognised a provision of US$0.7 million in respect of the legal claim relating to the Property. The Group had initially planned to take over the running of the hotel if it was unsuccessful in defending the claim. As such, provision was only made to cover the costs of lease and rentals liable at 30 June 2016 to the claimant. A decision was subsequently taken to negotiate a settlement.

Pursuant to the settlement agreement entered into with the claimant and landlord ("**Parties**") on 9 December 2016, Subsidiary A paid an aggregate of US$10.1m (inclusive of applicable VAT) to the Parties in full and final settlement of all claims and legal proceedings against Subsidiary A in relation to the Property and the Guarantee. The settlement for legal claims has been recognised in the profit or loss during the year.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

18. DEFERRED TAX LIABILITIES

Movement in deferred tax liabilities/(assets) during the year are as follows:

2017	At 1 July 2016 US$M	(Credited)/ Charged to income statement (Note 6) US$M	(Credited)/ Charged to other comprehensive income US$M	Effect of movements in exchange rates US$M	At 30 June 2017 US$M
Property and equipment	**15.4**	**(2.4)**	**–**	**(0.6)**	**12.4**
Tax losses	**(2.5)**	**1.2**	**–**	**0.1**	**(1.2)**
Loans and borrowings	**(0.7)**	**0.1**	**–**	**0.1**	**(0.5)**
Employee benefits	**0.5**	*****	**(0.3)**	**(0.1)**	**0.1**
Casino brand and licence	**1.7**	**0.2**	**–**	**(0.1)**	**1.8**
Derivative instrument	**(1.9)**	**–**	**0.5**	*****	**(1.4)**
Other items	**(3.4)**	**3.2**	**–**	**0.2**	**–**
	9.1	**2.3**	**0.2**	**(0.4)**	**11.2**

2016	At 1 July 2015 US$M	(Credited)/ Charged to income statement (Note 6) US$M	(Credited)/ Charged to other comprehensive income US$M	Effect of movements in exchange rates US$M	At 30 June 2016 US$M
Property and equipment	22.6	(4.3)	–	(2.9)	15.4
Tax losses	(3.5)	0.5	–	0.5	(2.5)
Loans and borrowings	(0.9)	0.1	–	0.1	(0.7)
Employee benefits	2.1	–	(1.3)	(0.3)	0.5
Casino brand and licence	1.8	0.1	–	(0.2)	1.7
Derivative instrument	–	–	(1.9)	–	(1.9)
Other items	–	(3.7)	–	0.3	(3.4)
	22.1	(7.3)	(3.2)	(2.5)	9.1

* Amount less than US$0.1m

18. DEFERRED TAX LIABILITIES *(Continued)*

Unrecognised deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets have not been recognised in respect of the following items:

	2017 US$M	2016 US$M
Deductible temporary differences	**3.3**	3.6
Tax losses	**565.2**	548.4
	568.5	552.0

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefit therefrom.

The deductible temporary differences and the tax losses do not expire under current tax legislation. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

19. DERIVATIVE FINANCIAL LIABILITY

	2017 US$M	2016 US$M
Interest rate swap	**8.1**	10.7
	8.1	10.7

For hedging purpose, the Group entered into an interest rate swap with a nominal value of GBP138.0 million which requires the Group to pay a fixed interest of 2.47% (2016: 2.47%) and allows it to receive a variable rate equal to LIBOR on the notional amount. The interest rate swap has a 3-year tenor commencing from 16 December 2016 and is valued based on the swap model valuation approach; using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve.

The Group's exposure to liquidity, interest rate and foreign currency risks and fair value information related to derivative financial liability are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

20. SHARE CAPITAL AND RESERVES

Share capital - authorised	Ordinary shares 2017	2016
Number of shares of par value of US$0.20 each at beginning and end of the year	**5,000,000,000**	5,000,000,000

Share capital - issued and fully paid	Ordinary shares 2017	2016
Number of shares in issue at beginning and end of the year	**1,368,063,633**	1,368,063,633

Contributed surplus

Contributed surplus represents the excess of paid up share capital over the par value of the ordinary shares.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet to mature.

Capital reserve - share based payment

The capital reserve comprises the gain or loss recognised when an employee exercises the share options granted under the ESOS 2008.

Equity compensation reserve

The equity compensation reserve represents the cumulative value of services received from employees for the issue of share options under ESOS 2008.

20. SHARE CAPITAL AND RESERVES *(Continued)*

ESOS reserve

The ESOS reserve comprises the cost of the Company's shares acquired and held by the Trustee for the purpose of satisfying outstanding share options granted to eligible employees under ESOS 2008. As at 30 June 2017, the number of shares of the Company held in the ESOS reserve amounts to 68.3 million (2016: 68.3 million).

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by shareholders' equity and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Company's approach to capital management during the financial year.

21. EMPLOYEE SHARE OPTION SCHEME

ESOS 2008 was approved by the shareholders of the Company on 17 October 2008 and by the shareholders of Guoco Group Limited on 21 November 2008 ("**GGL Approval Date**").

ESOS 2008 allows the grant of options over newly issued and/or existing shares of the Company to confirmed employees (including executive directors) of the Group ("**Employees**"). Non-executive Directors of the Company, directors and employees of associated companies of the Company and directors and employees of Guoco Group Limited or the Company's controlling shareholders or their subsidiaries and associates are not eligible to participate in the ESOS 2008.

The aim of ESOS 2008 is to:

(1) Align the long-term interests of Employees with those of the Company's shareholders and encourage Employees to assume greater responsibility for the performance of the businesses which they manage;

(2) Motivate Employees towards achieving strategic business objectives;

(3) Reward Employees with an equity stake in the success of the Group; and

(4) Make the Company's compensation package more competitive in order to attract, retain and motivate high-calibre executives.

The Company has established a Trust for ESOS 2008 which is administered by a Trustee. The Trustee is appointed by and may be removed by the Company. The Trustee manages the Trust in accordance with a Trust Deed.

Pursuant to its powers under the Trust Deed, the Trust acquires existing shares of the Company for the purpose of satisfying outstanding options granted to Employees. To enable the Trustee to purchase such shares, the Trustee may from time to time accept financial assistance from the Company on terms and conditions agreed between the Trustee and the Company.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

21. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

The Trust will terminate on 16 October 2031 or on a date determined by the Company, whichever is earlier. Upon the termination of the Trust, the Trustee will dispose of any remaining ESOS reserve (i.e., any shares held under the Trust which are not applied in satisfaction of outstanding options granted to the Employees) in accordance with the instructions of the Company.

The Company's Remuneration Committee ("**RC**"), comprising Mr Philip Burdon, Mr Kwek Leng Hai and Ms Jennie Chua (all of whom are not participants of ESOS 2008), administers ESOS 2008.

The aggregate of:

(a) the number of shares over which the RC may grant options under ESOS 2008 on any date ("**Date**"); and

(b) the number of shares transferred and to be transferred, and new shares issued and allotted and to be issued and allotted, pursuant to all options granted under ESOS 2008

shall not exceed 15% of the issued share capital of the Company on the day preceding the Date,

provided that the aggregate of:

(i) the number of shares to be issued and allotted and over which the RC may grant options under ESOS 2008; and

(ii) the number of shares which have been issued and allotted or which are to be issued and allotted to meet all options granted under the ESOS 2008

((i) and (ii) hereinafter collectively referred to as "**New Shares**"), shall not exceed 10% of the issued share capital of the Company as at the GGL Approval Date.

As at the date of this report, the number of New Shares is 136,806,363 (2016: 136,806,363), which represents 10% of the issued share capital of the Company as at the GGL Approval Date.

The maximum entitlement of any ESOS 2008 participant in respect of New Shares as a result of the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of the Company in issue as at the date of such grant.

The grant of an option to a participant shall be accepted within 30 days from the date on which such option is granted accompanied by a payment of S$1 as consideration.

During the financial year ended 30 June 2017 ("**FY2017**"), no option (2016: 19,500,000) was granted pursuant to ESOS 2008.

As at 30 June 2017, the total number of the Company's shares comprised in the options granted under ESOS 2008 is 19,500,000 (2016: 72,400,000).

21. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

Details of movements in the options granted under ESOS 2008 during the financial year are as follow:

	2017	2016
Outstanding at the beginning of the financial year	**72,400,000**	58,400,000
Options granted during the financial year	**–**	19,500,000
Options cancelled/lapsed during the financial year	**(52,900,000)**	(5,500,000)
Outstanding at the end of the financial year	**19,500,000**	72,400,000

Details of the options granted to employees under ESOS 2008:

Participants	Aggregate options granted since commencement of ESOS 2008 to end of financial year	Aggregate options expired/ lapsed since commencement of ESOS 2008 to end of financial year	Aggregate options outstanding as at end of financial year
Key management personnel (Notes (a) & (b))	**35,300,000**	**(30,300,000)**	**5,000,000**
Other employees	**69,400,000**	**(54,900,000)**	**14,500,000**

a. Mr Michael Bernard DeNoma resigned as Chief Executive Officer and Director of the Company on 1 July 2016 and the options granted to him lapsed upon his resignation.

b. Mr Neil Gallagher was appointed as Chief Executive Officer of a subsidiary of the Company on 1 July 2016.

Save as disclosed above, since the commencement of ESOS 2008, no options have been granted under ESOS 2008 to any executive Director of the Company or of the controlling shareholders of the Company or their associates, and there is no participant who has received 5% or more of the total number of options available under ESOS 2008.

Since the commencement of ESOS 2008, no options have been granted under ESOS 2008 at a discount and no options have been granted under ESOS 2008 to any parent group Employee.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 5-year historical trends.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

21. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

The fair value and assumptions are set out below:

Date of grant of options	21 September 2015	13 May 2013
Fair value of share options and assumptions		
Fair value at measurement date	0.09 - 0.17	0.17 - 0.227
Share price at the date of grant	0.795	0.83
Exercise price	0.80	0.86
Expected volatility (%)	30.1	34.1
Expected option life (year)	1.3 - 6.3	3.6 - 8.6
Expected dividend yield (%)	2.75	2.41
Risk-free interest rate (%)	0.98	1.05

The exercise price is equal to the 5-day weighted average market price of the shares immediately prior to the date of grant of the relevant options.

The options granted on 13 May 2013 and 21 September 2015 under ESOS 2008 are valid from 13 May 2013 and 21 September 2015 respectively, and will vest in two tranches:

- the first tranche of up to 20% - 35% were to have vested (but did not vest) at the end of the financial year ended 30 June 2016 upon the achievement of the applicable performance targets; and
- the second tranche of up to 65% - 80% will vest within three months of the end of the financial year ended 30 June 2019 upon the achievement of the applicable performance targets.

Each tranche, once vested, is exercisable as follows:

- 40% of that tranche is exercisable within 6 months from vesting date;
- 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and
- 20% of that tranche is exercisable from the commencement of the 25th month to the end of the 30th month from vesting date.

ESOS 2008 will continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from the GGL Approval Date.

A Trust has been established by the Company pursuant to which the Trustee holds 68.3 million (2016: 68.3 million) shares of the Company in the ESOS reserve as at 30 June 2017, for the purpose of satisfying any outstanding options that may be exercised under ESOS 2008.

The Group recognised a total benefit of US$0.2m (2016: US$0.7m) related to equity settled employee share option transactions during the year.

22. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Group has a system of controls in place to identify and analyse the risks faced by the Group, to set appropriate risk limited and controls, and to monitor risks and adherence to limits. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

Derivative financial instruments may be used to reduce the exposure of underlying assets and liabilities to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Audit and Risk Management Committee ("**ARC**"), which reports to the Board, is charged with overseeing risk management practices and, in conjunction with the Internal Audit Department, seeks to identify areas of concern and implement plans to mitigate significant risks to the Company. The ARC regularly reviews, assesses and monitors various risk factors and also guides management in forming policies and processes to identify, evaluate and manage risks and to safeguard shareholders' interests and Company assets.

(A) Credit risk

The Group's credit risks are primarily attributable to other investments, trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an on-going basis.

Bank deposits are placed with financial institutions which are regulated. Financial transactions are restricted to those with counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. The Group monitors exposures to individual counterparty and country to manage concentration risk.

The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. The Group has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

22. FINANCIAL INSTRUMENTS *(Continued)*

(A) Credit risk *(Continued)*

The ageing of trade receivables at the reporting date are:

Group	Gross 2017 US$M	Allowances for doubtful debts 2017 US$M	Gross 2016 US$M	Allowances for doubtful debts 2016 US$M
Not past due nor impaired	**12.3**	**–**	10.9	–
Past due 0 – 30 days	**6.4**	**–**	4.0	0.1
Past due 31 – 180 days	**0.2**	**–**	0.4	0.1
Past due 181 – 365 days	**0.3**	**0.2**	0.1	*
More than one year	**0.2**	**0.2**	0.1	0.1
	19.4	**0.4**	15.5	0.3

* Amount less than US$0.1m

The credit quality of trade receivables is assessed based on a credit policy established by the Risk Management Committee. The Group monitors customer credit risk by grouping trade receivables based on their characteristics. An analysis of the credit quality of trade receivables that were not past due nor impaired at the reporting date is as follows:

	2017 US$M	2016 US$M
Acceptable risk	**12.3**	10.9
High risk	**–**	–
	12.3	10.9

The change in allowances for doubtful debts during the year is as follows:

	2017 US$M	2016 US$M
Balance at the beginning of the financial year	**0.3**	0.3
Provision during the year (net)	**0.1**	–
Balance at the end of the financial year	**0.4**	0.3

Based on historical default rates, the Group believes that, apart from the above, no other impairment allowance is necessary. These receivables are mainly relating to customers that have a good record with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

22. FINANCIAL INSTRUMENTS *(Continued)*

(B) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered. In addition, the Group maintains banking facilities at a reasonable level to meet its overall debt position.

As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with short-term funding so as to achieve overall cost effectiveness.

As at 30 June 2017, the Group has unutilised credit facilities amounting to US$241.3m (2016: US$250.6m), of which US$145.5m (2016: US$151.0m) relates to committed credit facilities.

The following table details the remaining contractual maturities at the reporting date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group and the Company can be required to pay:

		Contractual Undiscounted Cash Flow				
Group	**Carrying amount US$M**	**Total contractual undiscounted cash flow US$M**	**Within 1 year or on demand US$M**	**More than 1 year but less than 2 years US$M**	**More than 2 years but less than 5 years US$M**	**More than 5 years US$M**
2017						
Bank loans and overdraft	**183.8**	**193.6**	**9.4**	**3.3**	**180.9**	**–**
Mortgage debenture stock	**74.4**	**100.3**	**5.7**	**5.7**	**88.9**	**–**
Interest rate swap	**8.1**	**8.0**	**3.2**	**3.2**	**1.6**	**–**
Trade and other payables*	**70.5**	**70.5**	**70.5**	**–**	**–**	**–**
	336.8	**372.4**	**88.8**	**12.2**	**271.4**	**–**
2016						
Bank loans and overdraft	188.1	203.9	8.2	3.9	191.8	–
Mortgage debenture stock	77.6	109.9	5.9	5.9	17.6	80.5
Interest rate swap	10.7	10.1	2.9	2.9	4.3	–
Trade and other payables*	82.8	82.8	82.8	–	–	–
	359.2	406.7	99.8	12.7	213.7	80.5

* Excludes deposits received

NOTES TO THE FINANCIAL STATEMENTS *Continued*

22. FINANCIAL INSTRUMENTS *(Continued)*

(B) Liquidity risk *(Continued)*

		Contractual Undiscounted Cash Flow	
Company	**Carrying amount US$M**	**Total contractual undiscounted cash flow US$M**	**Within 1 year or on demand US$M**
2017			
Trade and other payables	**0.9**	**0.9**	**0.9**
2016			
Trade and other payables	1.0	1.0	1.0

(C) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group also uses interest rate swap and other derivatives to manage its interest rate exposure as appropriate. As at 30 June 2017, the Group has an interest rate swap classified as cash flow hedges with notional contractual amounts of GBP138.0m (US$179.2m) (2016: GBP138.0m (US$186.0m)) which requires the Group to pay a fixed interest rate of 2.47% (2016: 2.47%) and allows it to receive a variable rate equal to LIBOR on the notional amount (refer Note 19).

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities (including the effects of interest rate swap) at the reporting date.

22. FINANCIAL INSTRUMENTS *(Continued)*

(C) Interest rate risk *(Continued)*

(i) Interest rate profile (Continued)

Group	2017 Effective interest rate	2017 US$M	2016 Effective interest rate	2016 US$M
Floating rate financial assets/(liabilities)				
Deposits with banks	**0.001%-1.72%**	**75.2**	0.16%-2.45%	48.8
Interest rate swap	**0.35%-0.37%**	**179.2**	0.57%-0.59%	186.0
Bank loans and overdrafts	**1.57%-2.25%**	**(183.8)**	1.74%-2.25%	(188.1)
		70.6		46.7
Fixed rate financial liabilities				
Mortgage debenture stock	**7.88%**	**(74.4)**	7.88%	(77.6)
Interest rate swap	**2.47%**	**(179.2)**	2.47%	(186.0)
		(253.6)		(263.6)
Total		**(183.0)**		(216.9)

(ii) Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the profit or loss of the Group.

As at 30 June 2017, it is estimated that a general increase/decrease of 50 (2016: 50) basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit and total equity by approximately US$0.35m (2016: US$0.23m). This takes into account the effect of interest-earning bank deposits and interest-bearing bank loans and other borrowings as at 30 June 2017.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

22. FINANCIAL INSTRUMENTS *(Continued)*

(D) Foreign currency risk

The Group operates mainly in Singapore, Australia, Fiji, Hawaii, New Zealand and the United Kingdom. Other than the respective functional currencies of the Group's subsidiaries, the foreign currencies which the Group has exposure to at the reporting date is the United States Dollar, Australian Dollar and Pound Sterling.

The Group maintains a natural hedge in relation to each investment, wherever possible, by borrowing in the currency of the country in which an investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimise net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

22. FINANCIAL INSTRUMENTS *(Continued)*

(D) Foreign currency risk *(Continued)*

(i) Exposure to foreign currency risk

The Group's and Company's exposure to foreign currencies as at 30 June 2017 and 30 June 2016 are as follow:

Group	United States Dollars $M	New Zealand Dollars $M	Australian Dollars $M	Singapore Dollars $M	Pound Sterling $M	Fiji Dollars $M	Malaysian Ringgit $M	Total $M
2017								
Other investments	**0.3**	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**
Trade and other receivables[1]	**0.4**	*	*	**0.1**	**21.6**	**0.6**	**–**	**22.7**
Cash and cash equivalents	**17.7**	**0.6**	**0.5**	**0.3**	**56.1**	**0.5**	**0.3**	**76.0**
Trade and other payables[2]	**(2.2)**	**(0.1)**	**(0.2)**	**(0.8)**	**(67.2)**	*	**–**	**(70.5)**
Loans and borrowings	**–**	**–**	**–**	**–**	**(258.2)**	**–**	**–**	**(258.2)**
Derivative financial liability	**–**	**–**	**–**	**–**	**(8.1)**	**–**	**–**	**(8.1)**
Gross exposure arising from recognised assets/ (liabilities)	**16.2**	**0.5**	**0.3**	**(0.4)**	**(255.8)**	**1.1**	**0.3**	**(237.8)**
Notional amounts of forward exchange contracts at fair value through the income statement[3]	**–**	**–**	**(3.1)**	**–**	**–**	**–**	**–**	**(3.1)**
Add/less:								
Net financial (liabilities)/assets denominated in the respective entities' functional currencies	**0.9**	**(0.5)**	**(0.3)**	**0.4**	**274.7**	**(1.1)**	**(0.3)**	**273.8**
Overall net exposure	**17.1**	**–**	**(3.1)**	**–**	**18.9**	**–**	**–**	**32.9**

[1] Excludes prepaid expenses

[2] Excludes deposit received

[3] The fair value of forward exchange contract at 30 June 2017 amount to US$46,000 (2016: US$51,000)

* Amount less than US$0.1m

NOTES TO THE FINANCIAL STATEMENTS *Continued*

22. FINANCIAL INSTRUMENTS *(Continued)*

(D) Foreign currency risk *(Continued)*

(i) Exposure to foreign currency risk *(Continued)*

Group	United States Dollars $M	New Zealand Dollars $M	Australian Dollars $M	Singapore Dollars $M	Pound Sterling $M	Fiji Dollars $M	Malaysian Ringgit $M	Total $M
2016								
Other investments	2.2	–	–	–	–	–	–	2.2
Trade and other receivables[1]	0.3	*	*	0.1	17.5	0.6	–	18.5
Cash and cash equivalents	26.4	0.2	0.9	0.9	20.2	0.6	0.3	49.5
Trade and other payables[2]	(2.4)	(0.1)	(0.3)	(0.9)	(79.1)	*	–	(82.8)
Loans and borrowings	–	–	–	–	(265.7)	–	–	(265.7)
Derivative financial liability	–	–	–	–	(10.7)	–	–	(10.7)
Gross exposure arising from recognised assets/ (liabilities)	26.5	0.1	0.6	0.1	(317.8)	1.2	0.3	(289.0)
Notional amounts of forward exchange contracts at fair value through the income statement[3]	–	–	(2.3)	–	–	–	–	(2.3)
Add/less:								
Net financial (liabilities)/assets denominated in the respective entities' functional currencies	(1.2)	(0.1)	(0.6)	(0.1)	321.4	(1.2)	(0.3)	317.9
Overall net exposure	25.3	–	(2.3)	–	3.6	–	–	26.6

[1] Excludes prepaid expenses

[2] Excludes deposits received

[3] The fair values of forward exchange contracts at 30 June 2017 amount to US$46,000 (2016: US$51,000)

* Amount less than US$0.1m

The Company does not have any exposure to foreign currency risk as at 30 June 2017.

22. FINANCIAL INSTRUMENTS *(Continued)*

(D) Foreign currency risk *(Continued)*

(ii) Sensitivity analysis

A strengthening of the following foreign currencies against the major functional currencies of the Group entities at the reporting date would increase/(decrease) the profit before tax by the amounts shown below. There is no impact on the other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

Geographical region	Foreign Currencies	Increase in foreign exchange rates	Increase/ (Decrease) in profit before tax US$M
2017			
United Kingdom	SGD	5.00%	**–**
Asia and United States of America	SGD	5.00%	**–**
	GBP	5.00%	**0.9**
	AUD	5.00%	**(0.2)**
	MYR	5.00%	**–**
	USD	5.00%	**0.9**
	NZD	5.00%	**–**
Australasia	FJD	5.00%	**–**
2016			
United Kingdom	SGD	5.00%	–
Asia and United States of America	SGD	5.00%	–
	GBP	5.00%	0.2
	AUD	5.00%	(0.1)
	MYR	5.00%	–
	USD	5.00%	1.3
	NZD	5.00%	–
Australasia	FJD	5.00%	–

A weakening of the above foreign currencies against the functional currencies would have an equal but opposite effect.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

22. FINANCIAL INSTRUMENTS *(Continued)*

(E) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as other investments (see Note 10).

The Group maintains a diversified investment portfolio, which comprises of global and regional counters, listed and unlisted. Investments are chosen to enhance creation of capital value for trading purpose as well as for long-term potential growth.

As at 30 June 2017, it is estimated that an increase of 10% (2016: 10%) in the market value of the Group's available-for-sale equity securities, with all other variables held constant, would increase the Group's total equity by US$0.03m (2016: US$0.2m). It is assumed that the available-for-sale investment would be considered impaired as a result of relevant risk variables.

(F) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group and the Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("**ISDA**") Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

22. FINANCIAL INSTRUMENTS *(Continued)*

(F) Offsetting financial assets and financial liabilities *(Continued)*

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements:

Group	Gross amounts of recognised financial assets/ (liabilities) US$M	Gross amounts of recognised financial assets/ (liabilities) offset in the statement of financial position US$M	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US$M	Related amounts not offset in the statement of financial position US$M	Net amount US$M
2017					
Financial liability					
Interest rate swap	**(8.1)**	**–**	**(8.1)**	**–**	**(8.1)**
2016					
Financial liability					
Interest rate swap	(10.7)	–	(10.7)	–	(10.7)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

(G) Fair value estimation

Certain of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

(i) Derivative financial instrument

The fair values of the interest rate swap and forward exchange contracts are based on the broker quotes. The quotes are derived using valuation techniques with market observable Inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

22. FINANCIAL INSTRUMENTS *(Continued)*

(G) Fair value estimation *(Continued)*

(ii) Mortgage debenture stock

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market borrowing rate at the reporting date plus an adequate credit spread. The interest rate used to discount estimated cash flows at the reporting date is 2.25% (2016: 2.25%).

(iii) Other non-derivative financial assets and liabilities

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amounts of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing.

22. FINANCIAL INSTRUMENTS *(Continued)*

(H) Classification and fair value of financial instruments

Financial assets and financial liabilities classification and carrying amount:

Group	Note	Loans and receivables US$M	Available-for-sale US$M	Other financial liabilities US$M	Fair value - hedging instrument US$M	Total carrying amount US$M
2017						
Available-for-sale investment	10	**–**	**0.3**	**–**	**–**	**0.3**
Trade and other receivables[1]	12	**22.7**	**–**	**–**	**–**	**22.7**
Cash and cash equivalents	13	**76.0**	**–**	**–**	**–**	**76.0**
		98.7	**0.3**	**–**	**–**	**99.0**
Bank overdraft	15	**–**	**–**	**6.1**	**–**	**6.1**
Bank loans	15	**–**	**–**	**177.7**	**–**	**177.7**
Mortgage debenture stock	15	**–**	**–**	**74.4**	**–**	**74.4**
Trade and other payables[2]	16	**–**	**–**	**70.5**	**–**	**70.5**
Interest rate swap	19	**–**	**–**	**–**	**8.1**	**8.1**
		–	**–**	**328.7**	**8.1**	**336.8**
2016						
Available-for-sale investment	10	–	2.2	–	–	2.2
Trade and other receivables[1]	12	18.5	–	–	–	18.5
Cash and cash equivalents	13	49.5	–	–	–	49.5
		68.0	2.2	–	–	70.2
Bank overdraft	15	–	–	4.3	–	4.3
Bank loans	15	–	–	183.8	–	183.8
Mortgage debenture stock	15	–	–	77.6	–	77.6
Trade and other payables[2]	16	–	–	82.8	–	82.8
Interest rate swap	19	–	–	–	10.7	10.7
		–	–	348.5	10.7	359.2

[1] Excludes prepaid expenses

[2] Excludes deposits received

NOTES TO THE FINANCIAL STATEMENTS *Continued*

22. FINANCIAL INSTRUMENTS *(Continued)*

(H) Classification and fair value of financial instruments *(Continued)*

Company	Note	Loans and receivables US$M	Available-for-sale US$M	Other financial liabilities US$M	Fair value - hedging instrument US$M	Total carrying amount US$M
2017						
Trade and other receivables[1]		*	–	–	–	*
		*	–	–	–	*
Trade and other payables[2]		**–**	**–**	**0.9**	**–**	**0.9**
		–	**–**	**0.9**	**–**	**0.9**
2016						
Trade and other receivables[1]		*	–	–	–	*
		*	–	–	–	*
Trade and other payables[2]		–	–	1.0	–	1.0
		–	–	1.0	–	1.0

[1] Excludes prepaid expenses
[2] Excludes deposits received
* Amount less than US$0.1m

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

22. FINANCIAL INSTRUMENTS *(Continued)*

(H) Classification and fair value of financial instruments *(Continued)*

Fair value of financial assets and liabilities

Group	LEVEL 1 US$M	LEVEL 2 US$M	LEVEL 3 US$M	TOTAL US$M
2017				
Available-for-sale investment	**–**	**–**	**0.3**	**0.3**
Bank loans	**–**	**(177.7)**	**–**	**(177.7)**
Mortgage debenture stock	**–**	**(89.1)**	**–**	**(89.1)**
Derivative financial liability	**–**	**(8.1)**	**–**	**(8.1)**
	–	**(274.9)**	**–**	**(274.9)**
2016				
Available-for-sale investment	–	–	2.2	2.2
Bank loans	–	(183.8)	–	(183.8)
Mortgage debenture stock	–	(98.0)	–	(98.0)
Derivative financial liability	–	(10.7)	–	(10.7)
	–	(292.5)	–	(292.5)

During the financial year, there was no movement between the various levels of fair value hierarchies.

The following table shows a reconciliation from the beginning balances to the ending balances for other investments falling within level 3 of the fair value hierarchy:

Group	2017 US$M	2016 US$M
Opening balance	**2.2**	2.5
Additional - distribution in kind	**2.2**	–
Disposal	**(2.6)**	–
Capital redemption	**(0.2)**	(0.3)
Unrealised losses recognised in OCI	**(1.3)**	*
Closing balance	**0.3**	2.2

* Amount less than US$0.1m

NOTES TO THE FINANCIAL STATEMENTS *Continued*

23. COMMITMENTS

(A) Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2017 US$M	2016 US$M
Within one year	**62.7**	52.2
Between one and five years	**258.6**	216.9
Over five years	**999.6**	994.3
	1,320.9	1,263.4

The Group leases a number of properties under operating leases. The leases typically run for periods of up to thirty years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by majority of the lease agreements.

Total operating lease expense for the year is US$43.1m (2016: US$50.0m) and has been included in:

	2017 US$M	2016 US$M
Cost of sales	**40.8**	47.4
Administrative expenses	**2.3**	2.6
	43.1	50.0

Eleven (2016: Twelve) areas/units within the leased properties have been subleased by the Group. These leases including subleases have varying remaining terms. Sublease rentals are receivable over the sublease period as follows:

	2017 US$M	2016 US$M
Within one year	**2.4**	3.2
Between one and five years	**12.0**	16.0
Over five years	**31.2**	36.5
	45.6	55.7

Total operating lease income for the year is US$2.4m (2016: US$3.2m) and has been included in revenue from hotel operations.

23. COMMITMENTS *(Continued)*

(B) Commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements and investment commitment in a venture fund are as follows:

	2017 US$M	2016 US$M
Hotels, property and equipment	**26.3**	13.3
Other investments	**0.4**	0.4
	26.7	13.7

24. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company as well as the party are subject to common control or joint control. Related parties may be individuals or entities.

The Group

During the financial year, no subsidiary of the Group (2016: US$0.003m) purchased furniture for hotel refurbishment from a subsidiary of the ultimate holding company. One of the subsidiaries of the Group leased office space from a subsidiary of the intermediate holding company. Rental expense for the year ended 30 June 2017 amounts to US$0.2m (2016: US$0.2m).

The Company

The Company has advances to subsidiaries of US$483.8m (2016: US$479.6m). The advances are unsecured, interest free and repayable on demand. The administration fee paid to a subsidiary was US$1.4m (2016: US$1.6m).

No loans were granted to the Trust for ESOS 2008 during the financial year. The loan balance as at 30 June 2017 was S$57.4m (US$41.7m) (2016: S$59.0m (US$43.7m)). No (2016: Nil) shares of the Company were acquired by the Trustee and added to the ESOS reserve during the financial year.

In addition to the related party information disclosed elsewhere in the financial statements, fees paid under a Master Agreement for Services dated 2 July 2014 between GuoLine Group Management Co. Limited ("**GGMC**", a company related to a Director and the controlling shareholder of the Group), GOMC Limited and Guoco Group Limited ("**GGL**") for the provision of corporate management services during the financial year by GGMC to various GGL subsidiaries, including members of the Group, amounted to US$2.5m (2016: US$2.7m) (Note 5).

Except as disclosed above, there were no material contracts of the Company and its subsidiaries involving the interests of the Group Managing Director, any Director or any controlling shareholder subsisting as at 30 June 2017 or entered into since 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

25. SIGNIFICANT SUBSIDIARIES

	Auditors	Country of incorporation	Ownership interest 2017	Ownership interest 2016
Subsidiaries held by:				
Company				
Ma Sing Investments Limited	*	British Virgin Islands	**100%**	100%
GLH Hotels Group Limited	KPMG United Kingdom	Bermuda	**100%**	100%
Clermont Leisure International Limited	KPMG United Kingdom	Jersey	**100%**	100%
GL Management Pte Ltd	KPMG Singapore	Singapore	**100%**	100%
BIL (Far East Holdings) Limited	KPMG Hong Kong	Hong Kong	**100%**	100%
Group				
BIL Australia Pty Ltd	KPMG Australia	Australia	**100%**	100%
GLH Hotels Holdings Limited	KPMG United Kingdom	United Kingdom	**100%**	100%
Molokai Properties Limited	*	United States of America	**100%**	100%
GLH Hotels Limited	KPMG United Kingdom	United Kingdom	**100%**	100%
Clermont Leisure (UK) Limited	KPMG United Kingdom	United Kingdom	**100%**	100%

* Not required to be audited by law in country of incorporation.

The Company has established a Trust for ESOS 2008 and the Trust is administered by a Trustee. Pursuant to the trust deed for the Trust ("**Trust Deed**"), the Trust acquires issued shares of the Company for the purpose of satisfying outstanding options granted to eligible employees under ESOS 2008. Subject to the determination that certain financial and performance targets are met by these employees, shares of the Company held under the Trust will be transferred to these employees upon the exercise of their share options. The Company has control of the Trust as result of certain provisions in the Trust Deed (details of which are disclosed in Note 21 to the financial statements) and, accordingly, the Company has recognised the assets and liabilities of the Trust in its own financial statements.

The number of companies within the Group as at 30 June 2017 was 70 (2016: 73). During the financial year, the Group undertook a restructuring and two subsidiaries, Wayforward Services Limited and GLManagement Holdings Pte Ltd were amalgamated into BIL Treasury Limited, another subsidiary of the Company.

During the year, the Company carried out a review of the carrying amounts of its investments in and advances to subsidiaries. As a result of this, no impairment (2016: Nil) was provided for investment in a subsidiary. Also, no impairment (2016: Nil) was provided for advances to a subsidiary. Management estimated the recoverable amounts in the investments in a subsidiary based on fair value less cost to sell approach. Fair value less cost to sell at the reporting date has been determined based on the net asset value of the subsidiary at the reporting date as management is of the opinion that net asset value of the subsidiary approximates its fair value.

26. DIVIDENDS

Subject to shareholders' approval, the Board has proposed a first and final dividend of S$0.022 (2.2 Singapore Cents) per share (2016: S$0.022 per share) for the financial year ended 30 June 2017, amounting to US$21.9m (2016: US$22.3m). The Company is not required to withhold any tax on payment of dividends to its shareholders. The dividend will be paid at the gross amount. Dividends received by shareholders may or may not be taxable in their hands depending on their tax profile and the jurisdiction they are in.

27. COMPANY STATEMENT OF CASH FLOWS

No statement of cash flows is prepared for the Company as there were no cash inflows and outflows during the financial year and in the previous financial year.

28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and its subsidiaries in future financial periods, the Management has assessed the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

Applicable to 2019 financial statements

Summary of the requirements	Potential impact on the financial statements
IFRS 15 Revenue from Contracts with Customers	
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, IFRS 15 replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services* IFRS 15 is effective for annual periods beginning on or after 1 July 2018, with early adoption permitted.	During the year, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition. **Transition** – The Group plans to adopt the standard when it becomes effective in 2019.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED *(Continued)*

Summary of the requirements	Potential impact on the financial statements
IFRS 9 Financial Instruments	
IFRS 9 replaces most of the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial Instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 July 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative Information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 July 2018.	During the year, the Group completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on its opening equity. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under IFRS 9. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under IFRS 9. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under IFRS 9. **Impairment** – On adoption of IFRS 9, the Group does not expect a significant increase in impairment loss allowance. **Hedge accounting** – The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. **Transition** – The Group plans to adopt the standard when it becomes effective in 2019 without restating comparative information.

28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED *(Continued)*

Summary of the requirements	Potential impact on the financial statements
IFRS 16 Leases	
IFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (**ROU**) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the IAS 17 operating lease and finance lease accounting models respectively. However, IFRS 16 requires more extensive disclosures to be provided by a lessor. When effective, IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 is effective for annual periods beginning on or after 1 July 2019, with early adoption permitted if IFRS 15 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group has certain hotel properties where there are operating leases for the land and building. The Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of the Group. The Group plans to adopt the standard when it becomes effective in 2020. The Group will perform a detailed analysis of the standard, including the transition option and practical expedients in 2019.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017 US$M	2016 US$M
Dividend income from a subsidiary		**17.9**	43.1
Sundry income		*	0.1
Administration fees		**(1.5)**	(1.6)
Other expenses		**(1.2)**	(1.0)
Operating profit		**15.2**	40.6
Net foreign exchange gains		**9.7**	10.6
Profit before tax		**24.9**	51.2
Income tax expense	6	**–**	–
Profit for the year		**24.9**	51.2
Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the year		**24.9**	51.2

* Amount less than US$0.1m

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Share capital US$M	Contributed surplus US$M	Capital reserve share based payment US$M	Equity compensation reserve US$M	ESOS reserve US$M	Retained earnings US$M	Total US$M
Balance at 1 July 2016	**273.6**	**654.2**	**(1.6)**	**2.7**	**(46.2)**	**729.3**	**1,612.0**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**24.9**	**24.9**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**–**	**24.9**	**24.9**
Transactions with owners, recorded directly in equity							
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2016	**–**	**–**	**–**	**–**	**–**	**(20.5)**	**(20.5)**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**(20.5)**	**(20.5)**
Balance at 30 June 2017	**273.6**	**654.2**	**(1.6)**	**2.7**	**(46.2)**	**733.7**	**1,616.4**
Balance at 1 July 2015	273.6	654.2	(1.6)	2.7	(46.2)	698.3	1,581.0
Profit for the year	–	–	–	–	–	51.2	51.2
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year, net of tax	–	–	–	–	–	51.2	51.2
Transactions with owners, recorded directly in equity							
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2015	–	–	–	–	–	(20.2)	(20.2)
Total transactions with owners	–	–	–	–	–	(20.2)	(20.2)
Balance at 30 June 2016	273.6	654.2	(1.6)	2.7	(46.2)	729.3	1,612.0

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 US$M	2016 US$M
ASSETS			
Investments in subsidiaries	25	**1,133.2**	1,133.2
TOTAL NON-CURRENT ASSETS		**1,133.2**	1,133.2
Trade and other receivables		**0.3**	0.2
Advances to subsidiaries	24	**483.8**	479.6
TOTAL CURRENT ASSETS		**484.1**	479.8
TOTAL ASSETS		**1,617.3**	1,613.0
LIABILITIES			
Trade and other payables		**0.9**	1.0
TOTAL CURRENT LIABILITIES		**0.9**	1.0
TOTAL LIABILITIES		**0.9**	1.0
NET ASSETS		**1,616.4**	1,612.0
SHARE CAPITAL AND RESERVES		**1,616.4**	1,612.0

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors



Tang Hong Cheong
Group Managing Director



Timothy Teo Lai Wah
Director

SHAREHOLDING STATISTICS

As at 4 September 2017

Issued and fully paid-up capital	:	US$273,612,727
Number of issued and paid-up shares	:	1,368,063,633
Class of shares	:	Ordinary shares of US$0.20 each with equal voting rights

(A) DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 99	158	0.74	4,061	0.00
100 to 1,000	12,503	58.54	6,265,247	0.46
1,001 to 10,000	6,892	32.27	23,313,488	1.70
10,001 to 1,000,000	1,773	8.30	89,408,802	6.54
1,000,001 AND ABOVE	32	0.15	1,249,072,035	91.30
TOTAL	**21,358**	**100**	**1,368,063,633**	**100**

(B) TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NUMBER OF SHARES	%
1	GuocoLeisure Assets Limited	924,338,134	67.57
2	UOB Kay Hian Pte Ltd	95,497,722	6.98
3	DBS Nominees Pte Ltd	54,655,872	3.99
4	Citibank Nominees Singapore Pte Ltd	46,222,455	3.38
5	United Overseas Bank Nominees Pte Ltd	17,969,221	1.31
6	OCBC Securities Private Ltd	12,281,870	0.90
7	Merrill Lynch (Singapore) Pte Ltd	10,984,331	0.80
8	Raffles Nominees (Pte) Ltd	8,998,308	0.66
9	DBSN Services Pte Ltd	7,187,622	0.53
10	CIMB Securities (Singapore) Pte Ltd	7,089,967	0.52
11	Phillip Securities Pte Ltd	6,695,159	0.49
12	Maybank Kim Eng Securities Pte Ltd	6,258,976	0.46
13	Lim & Tan Securities Pte Ltd	5,513,050	0.40
14	DBS Vickers Securities (Singapore) Pte Ltd	5,242,878	0.38
15	HSBC (Singapore) Nominees Pte Ltd	5,198,498	0.38
16	Waterworth Pte Ltd	5,000,000	0.37
17	Heng Siew Eng	4,979,900	0.36
18	HL Bank Nominees (Singapore) Pte Ltd	3,700,000	0.27
19	Hong Leong Finance Nominees Pte Ltd	3,115,300	0.23
20	Prima Portfolio Pte Ltd	1,942,500	0.14
	TOTAL	**1,232,871,763**	**90.12**

(C) SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 4 September 2017, approximately 31.61% of the issued shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 4 September 2017

According to the Register of Directors' shareholding, none of the Directors holding office at the end of the financial year had any interest in the shares or convertible securities of the Company except as follows:

	ORDINARY SHARES OF US$0.20 EACH					
	DIRECT INTEREST NO. OF SHARES			DEEMED INTEREST NO. OF SHARES		
DIRECTORS	AS AT 1 JULY 16	AS AT 30 JUNE 17	AS AT 21 JULY 17	AS AT 1 JULY 16	AS AT 30 JUNE 17	AS AT 21 JULY 17
Timothy Teo Lai Wah	-	500,000	500,000	-	-	-
Tang Hong Cheong[1]	-	300,000	300,000	-	-	-

Note:

[1] Mr Tang Hong Cheong was appointed as a Director of the Company on 15 September 2016.

The Directors' interests in the ordinary shares and convertible securities of the Company as at 21 July 2017 were the same as those as at 30 June 2017.

The substantial shareholders of the Company and their direct and deemed interests as per the Register of Substantial Shareholders as at 4 September 2017 are set out below:

	NO. OF SHARES			
SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST	%(1)	DEEMED INTEREST	%(1)
GuocoLeisure Assets Limited ("**GLAL**")	916,618,934	67.00	-	-
Guoco Group Limited	-	-	916,618,934(2)	67.00
GuoLine Capital Assets Limited	-	-	916,948,134(3)	67.02
GuoLine Overseas Limited ("**GOL**")	1,415,000	0.10	915,533,134(3)	66.92
HL Holdings Sdn Bhd	-	-	916,548,134(3)	67.00
Hong Leong Company (Malaysia) Berhad	-	-	916,548,134(3)	67.00
Hong Leong Investment Holdings Pte. Ltd.	-	-	930,422,825(3)	68.01
Quek Leng Chan	735,000	0.05	922,283,734(4)	67.42

Note:

(1) Percentages are based on 1,368,063,633 Shares (excluding treasury shares) as at 4 September 2017. Percentage figures have been rounded to 2 decimal places.

(2) The deemed interests arise from their interests in GLAL by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.

(3) The deemed interests arise from its interests in GLAL and companies in which it has an interest by virtue of Section 4 of the Securities and Futures Act Chapter 289 of Singapore.

(4) The deemed interests arise from Mr Quek Leng Chan's interests in GLAL, GOL and a company in which he has an interest by virtue of Section 4 of the Securities and Futures Act Chapter 289 of Singapore.

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