



HOTEL ROYAL LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No. 196800298G)

1 UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the fourth quarter and financial year ended 31 December 2015.

1(a) GROUP PROFIT AND LOSS STATEMENT for the fourth quarter and financial year ended 31 December

	Notes	Group					
		Fourth Quarter Ended 31 Dec			Financial Year Ended 31 Dec		
		2015	2014	+ / (-)	2015	2014	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	1	14,012	16,037	(12.6)	57,280	56,687	1.0
Cost of sales	2	(5,968)	(7,671)	(22.2)	(28,093)	(26,683)	5.3
Gross profit		8,044	8,366	(3.8)	29,187	30,004	(2.7)
Other income	3	1,097	2,917	(62.4)	2,193	3,561	(38.4)
Distribution costs	4	50	(395)	(>100)	(1,015)	(1,291)	(21.4)
Administrative expenses	4	(4,030)	(3,596)	12.1	(15,120)	(11,805)	28.1
Other expenses	5	(2,684)	(2,440)	10.0	(4,488)	(2,575)	74.3
Finance cost	6	(1,384)	(1,052)	31.6	(5,124)	(3,627)	41.3
Profit before income tax	7	1,093	3,800	(71.2)	5,633	14,267	(60.5)
Income tax expense	8	(1,332)	(981)	35.8	(2,740)	(3,089)	(11.3)
(Loss) Profit for the year attributable to owners of the Company		(239)	2,819	(>100)	2,893	11,178	(74.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the fourth quarter and financial year ended 31 December

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
(Loss) Profit for the year	(239)	2,819	2,893	11,178
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in valuation of freehold land - hotels	12,945	22,108	12,945	22,108
Income tax relating components of other comprehensive income that will not be reclassified subsequently	(82)	(113)	(82)	(113)
Total	<u>12,863</u>	<u>21,995</u>	<u>12,863</u>	<u>21,995</u>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value (loss) gain recognised in fair value reserve	1,346	561	(573)	236
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	(1,302)	(81)	(925)	232
Net fair value changes on available-for sale financial assets	44	480	(1,498)	468
Exchange differences arising on consolidation	3,749	2,477	(12,526)	624
Total	<u>3,793</u>	<u>2,957</u>	<u>(14,024)</u>	<u>1,092</u>
Other comprehensive income (loss) for the period	<u>16,656</u>	<u>24,952</u>	<u>(1,161)</u>	<u>23,087</u>
Total comprehensive income for the year attributable to owners of the Company	<u>16,417</u>	<u>27,771</u>	<u>1,732</u>	<u>34,265</u>

Notes

1. Revenue

Revenue comprises the following:

	<u>Group</u>					
	<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
	<u>2015</u>	<u>2014</u>	<u>+ / (-)</u>	<u>2015</u>	<u>2014</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Room revenue	8,258	9,845	(16.1)	34,427	34,477	(0.1)
Food and beverage revenue	2,178	2,302	(5.4)	8,616	8,469	1.7
Spa revenue	223	241	(7.5)	883	424	>100
Rental income from:						
Investment properties	2,030	2,433	(16.6)	8,394	8,515	(1.4)
Other properties	677	685	(1.2)	2,798	2,788	0.4
Car park revenue	295	306	(3.6)	1,163	1,256	(7.4)
Interest income from outside	45	87	(48.3)	212	193	9.8
Dividend income from:						
Quoted equity investments	83	83	-	354	406	(12.8)
Unquoted	-	-	<i>n.m.</i>	31	28	10.7
Others	223	55	>100	402	131	>100
Total	14,012	16,037	(12.6)	57,280	56,687	1.0

Room revenue

Group room revenue for fourth quarter and financial year ended 31 December 2015 decreased by 16.1% and 0.1% respectively as compared to corresponding periods in 2014 mainly due to poorer performance from some of the Group's hotels in term of lower room occupancy and room rates.

Food and beverage revenue

The decrease in food and beverage revenue for fourth quarter 2015 as compared to fourth quarter 2014 was mainly due to lower banquet sales from the Malaysia hotels. However, the increase for financial year ended 31 December 2015 as compared to corresponding period in 2014 was mainly due to additional food and beverage sales from Burasari Resort.

Rental income from investment properties

Rental income from investment properties for fourth quarter and financial year ended 31 December 2015 decreased by 16.6% and 1.4% respectively as compared to corresponding periods in 2014 mainly due to lower occupancy in a Malaysia subsidiary. The weakened RM against SGD also contributed to the decrease.

2. Cost of sales

The decrease in cost of sales for fourth quarter 2015 as compared to fourth quarter 2014 was mainly due to lower costs from some of the Group's hotels. However, the increase for financial year ended 31 December 2015 as compared to corresponding period in 2014 was mainly due to additional cost from Burasari Resort.

3. Other income

Other income comprises of mainly gain on disposal of available-for-sale investments, foreign exchange gain, bad debt recovered and gain on disposal of property, plant and equipment.

The decrease in other income for the fourth quarter and financial year ended 31 December 2015 as compared to corresponding periods in 2014 was mainly due to absence of allowance for doubtful receivables no longer required from a Thailand subsidiary offset by higher gain on disposal of available-for-sale investments.

4. Distribution costs and administrative expenses

The decrease in distribution costs for fourth quarter and financial year ended 31 December 2015 as compared to corresponding periods in 2014 was mainly due to lower selling and marketing expenses from some of the Group's subsidiaries.

The increase in administrative expenses for fourth quarter and financial year ended 31 December 2015 as compared to corresponding periods in 2014 was mainly due to higher operating expenses from Thailand hotels.

5. Other expenses

Other expenses comprise of mainly allowance for doubtful receivables, impairment loss on goodwill, impairment loss on available-for-sale investments and foreign exchange loss.

The increase for fourth quarter and financial year ended 31 December 2015 as compared to corresponding periods in 2014 was mainly due to impairment loss on goodwill of S\$1.384 million recognised for investment in The Baba House and also higher impairment loss on available-for-sale investments.

6. Finance cost

The increase in finance costs for fourth quarter and financial year ended 31 December 2015 as compared to corresponding periods in 2014 was mainly due to increase in Group's borrowings for the acquisition of Burasari Resort and The Baba House. The rise in bank loan interest rates also contributed to the increase.

7. Profit before income tax

Profit before income tax is arrived at after charging / (crediting):

	Group					
	Fourth Quarter Ended 31 Dec			Financial Year Ended 31 Dec		
	2015	2014	+ / (-)	2015	2014	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	2,074	2,318	(10.5)	8,731	6,853	27.4
Impairment loss on hotel building	829	-	100.0	829	-	100.0
Impairment loss on goodwill	1,384	-	100.0	1,384	-	100.0
Impairment loss on available-for-sale investments	136	60	>100	317	145	>100
Allowance for doubtful receivables	91	151	(39.7)	235	201	16.9
Write back of allowance for doubtful receivables no longer required	(155)	(674)	(77.0)	(343)	(712)	(51.8)
Bad debt written off	151	29	>100	151	29	>100
Bad debt recovered	(2)	(12)	(83.3)	(2)	(12)	(83.3)
Fair value (gain) loss on held-for-trading investments	(17)	24	(>100)	145	(110)	>100

7. **Profit before income tax (Continued)**

Profit before income tax is arrived at after charging / (crediting):

	<u>Group</u>					
	<u>Fourth Quarter Ended 31 Dec</u>			<u>Financial Year Ended 31 Dec</u>		
	<u>2015</u>	<u>2014</u>	<u>+ / (-)</u>	<u>2015</u>	<u>2014</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Net foreign exchange adjustment loss (gain)	203	(125)	>100	1,110	(155)	>100
(Gain) loss on disposal of available-for-sale investments	(905)	81	>100	(1,282)	(232)	>100
Gain on disposal of property, plant and equipment	(13)	-	100.0	(2)	-	100.0

Depreciation

The increase in depreciation expense for financial year ended 31 December 2015 as compared to corresponding periods in 2014 was mainly due to additional depreciation from Burasari Resort and The Baba House. The capitalised building costs and additional plant and equipment from Hotel Royal Bangkok @ Chinatown also contributed to the increase.

Impairment loss on hotel building

Impairment loss of S\$0.829 million on hotel building arose from Hotel Royal Bangkok @ Chinatown. However, the Thailand subsidiary has previously booked a revaluation surplus on its land amounting to S\$1.48 million in 2014 and this has taken directly to the Asset Revaluation Reserve in the Group's Statement of Financial Position. Hence, the total carrying value of land (revalued) and building (depreciated cost) in the Group's Statement of Financial Position is equivalent to the fair value assessed by the independent valuer.

In addition, the Group has recorded an increase of S\$12.863 million in land revaluation surplus. This is taken directly to the Asset Revaluation Reserve in the Balance Sheet and shown in the Consolidated Statement of Comprehensive Income in page 2 of this announcement.

Impairment loss on goodwill

Impairment loss on goodwill arose from fair value adjustment for investment in The Baba House.

Allowance for doubtful receivables

The decrease for fourth quarter 2015 as compared to fourth quarter 2014 was mainly due to lower allowance for doubtful receivables from the New Zealand subsidiary. The increase for financial year ended 31 December 2015 as compared to corresponding period in 2014 was mainly due to higher allowance on doubtful receivables from the Company.

Write back of allowance for doubtful receivables no longer required

The decrease for fourth quarter and financial year ended 31 December 2015 as compared to corresponding periods in 2014 was mainly due to absence of allowance for doubtful receivables no longer required in a Thailand subsidiary in 2015.

Net foreign exchange adjustment loss (gain)

The net foreign exchange loss for fourth quarter and financial year ended 31 December 2015 as opposed to net foreign exchange gain for corresponding periods in 2014 was mainly due to the weakening of RM against SGD.

8. **Income tax expense**

Income tax expense as a percentage of pre-tax profit increased for fourth quarter 2015 as compared to fourth quarter 2014 mainly due to reversal of deferred tax assets recognised in prior year to income tax expense in a Malaysia subsidiary.

The decrease for financial year ended 31 December 2015 as compared to corresponding period in 2014 was mainly due to recognition of deferred tax credit in a Singapore subsidiary and lower tax recorded in a Malaysia subsidiary and the New Zealand subsidiary.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Notes	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 15</u>	<u>31 Dec 14</u>	<u>31 Dec 15</u>	<u>31 Dec 14</u>
		<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
<u>ASSETS</u>					
Current assets					
Cash and bank balances		17,037	17,834	2,770	3,073
Held-for-trading investments	9	3,743	6,267	620	798
Available-for-sale investments	10	8,230	8,702	1,697	1,601
Trade receivables	11	4,022	5,046	1,322	1,653
Other receivables , deposits and prepaid expenses	12	1,584	2,571	258	339
Inventories		772	587	136	258
Tax recoverable		7	7	-	-
Total current assets		35,395	41,014	6,803	7,722
Non-current assets					
Deferred tax assets		-	104	-	-
Subsidiaries		-	-	162,473	142,154
Available-for-sale investments	10	3,434	4,323	1,088	1,413
Other assets	13	1,129	4,112	-	-
Goodwill		1,783	1,829	-	-
Property, plant and equipment		588,808	577,058	243,073	237,347
Investment properties		93,492	97,310	24,443	24,832
Total non-current assets		688,646	684,736	431,077	405,746
Total assets		724,041	725,750	437,880	413,468
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	14	19,814	26,567	-	-
Trade payables		4,927	4,983	2,973	2,083
Other payables		3,823	3,922	2,933	3,728
Current portion of finance lease		20	35	-	-
Income tax payable		2,369	2,376	1,207	1,178
Total current liabilities		30,953	37,883	7,113	6,989
Non-current liabilities					
Other payables		110	668	26,807	24,484
Retirement benefit obligations		598	541	-	-
Long-term bank loans	14	137,345	128,192	58,164	43,488
Finance lease		14	45	-	-
Deferred tax liabilities		19,549	20,481	724	432
Total non-current liabilities		157,616	149,927	85,695	68,404
Capital and reserves					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		352,360	339,497	210,108	206,108
Employee benefit reserve		171	171	-	-
Fair value reserve	15	1,730	3,228	460	642
Translation reserve	16	(14,623)	(2,097)	-	-
Retained earnings		95,396	96,703	34,066	30,887
Total equity		535,472	537,940	345,072	338,075
Total liabilities and equity		724,041	725,750	437,880	413,468

Notes

- 9. Held-for-trading investments**
- The decrease in held-for-trading investments was mainly due to higher disposal of investments during the financial year.
- 10. Available-for-sale investments**
- The decrease in available-for-sale investments was mainly due to higher disposal of investments during the financial year.
- 11. Trade receivables**
- The decrease in trade receivables was mainly due to lower room sales from some of the Group's hotels and prompt collection from trade debtors.
- 12. Other receivables, deposits and prepaid expenses**
- The decrease arose from reduction in deposits upon completion of acquisition for the remaining five retail units on the ground floor of Penang Plaza in September 2015.
- 13. Other assets**
- The decrease in other assets mainly arose from reduction in deposits and prepayments upon completion of the major upgrading and renovation works for Hotel Royal Bangkok @ Chinatown. Reduction of unamortized portion of lease incentives given by the New Zealand subsidiary to tenants also contributed to the decrease.
- 14. Bank loans**
- Bank loans consist of short-term bank loans and long-term bank loans.
- The decrease in the Group's short-term loans was mainly due to loan repayments made. The increase in long-term bank loans was mainly due to increased Group's borrowings for acquisition of The Baba House in January 2015.
- 15. Fair value reserve**
- Disposal of available-for-sale investments resulted in reduced fair value reserves.
- 16. Translation reserve**
- Increase in currency translation reserve mainly resulted from loss on translating the net assets Malaysia subsidiaries into SGD as RM had weakened against SGD.

1(b)(ii) GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand (in S\$'000)

<u>As at 31 Dec 2015</u>		<u>As at 31 Dec 2014</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
19,814	-	26,567	-

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

<u>As at 31 Dec 2015</u>		<u>As at 31 Dec 2014</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
137,345	-	128,192	-

Details of collaterals

The bank borrowings are secured by mortgages of some of the Company's and subsidiaries' freehold land and buildings and investment properties; and assignment of rental proceeds of certain subsidiaries' investment properties and a floating charge on certain Company's and subsidiaries' assets.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS
for the fourth quarter and financial year ended 31 December

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Operating activities:				
Profit before income tax	1,093	3,800	5,633	14,267
Adjustments for:				
Depreciation expense	2,074	2,318	8,731	6,853
Dividend income	(83)	(83)	(385)	(434)
Interest income	(45)	(87)	(212)	(193)
Interest expense	1,384	1,052	5,124	3,627
(Gain) loss on disposal of available-for-sale investments	(905)	81	(1,282)	(232)
Fair value (gain) loss on held-for-trading investments	(17)	24	145	(110)
Allowance for doubtful receivables	91	151	235	201
Write back of allowance for doubtful receivables no longer required	(155)	(674)	(343)	(712)
Bad debt written off	151	29	151	29
Bad debt recovered	(2)	(12)	(2)	(12)
Impairment loss on available-for sale investment	136	60	317	145
Gain on disposal of property, plant and equipment	(13)	-	(2)	-
Impairment loss on hotel building	829	-	829	-
Impairment loss on goodwill	1,384	-	1,384	-
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	5,922	6,659	20,323	23,429
Available-for-sale investments	(1,207)	(648)	(1,559)	(351)
Held-for-trading investments	188	(54)	2,379	(1,013)
Trade and other receivables	(185)	400	4,171	(194)
Inventories	198	502	(25)	196
Trade and other payables	1,542	(1,840)	(714)	(1,361)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	6,458	5,019	24,575	20,706
Interest paid	(1,384)	(1,052)	(5,124)	(3,627)
Interest received	45	87	212	193
Dividend received	83	83	385	434
Income tax paid – net of refund	3,337	1,411	(2,547)	(2,997)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	8,539	5,548	17,501	14,709
	<hr/>	<hr/>	<hr/>	<hr/>

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the fourth quarter and financial year ended 31 December (Continued)

	<u>Group</u>			
	<u>Fourth Quarter Ended</u>		<u>Financial Year Ended</u>	
	<u>31 Dec</u>		<u>31 Dec</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
Investing activities:				
Acquisition of Burasari Resort	-	90	-	(35,046)
Acquisition of The Baba House	-	-	(9,943)	-
Purchase of available-for-sale investments	(2,436)	(1,720)	(4,045)	(5,715)
Proceeds from disposal of property, plant & equipment	(74)	-	17	-
Proceeds from disposal of available-for-sale investments	4,535	1,829	6,431	5,560
Purchase of property, plant and equipment (Note A)	100	(5,249)	(11,158)	(22,142)
Addition of investment properties	784	575	(2,864)	(2,342)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from (used in) investing activities	2,909	(4,475)	(21,562)	(59,685)
	<hr/>	<hr/>	<hr/>	<hr/>
Financing activities:				
Proceeds from bank loans	2,226	21,786	30,605	107,721
Repayment of bank loans	(4,739)	(14,129)	(23,308)	(59,726)
Fixed deposit pledged to banks	87	8	87	8
Repayment of finance lease	(11)	(3)	(46)	(11)
Dividends paid	-	-	(4,200)	(4,200)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used in) generated from financing activities	(2,437)	7,662	3,138	43,792
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	9,011	8,735	(923)	(1,184)
Cash and cash equivalents at beginning of period	14,940	10,364	17,107	19,365
Effect of currency exchange adjustment	(7,554)	(1,992)	213	(1,074)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	16,397	17,107	16,397	17,107

Note A: During the year, the Group acquired property, plant and equipment with aggregate cost of \$11,158,000 (2014: \$22,207,000) of which \$nil (2014: \$65,000) was acquired under finance lease agreement.

Cash and cash equivalents consist of:

	<u>Group</u>	
	<u>31 Dec</u>	<u>31 Dec</u>
	<u>2015</u>	<u>2014</u>
	<u>SS'000</u>	<u>SS'000</u>
Cash on hand	144	154
Cash at bank	15,677	16,053
Fixed deposits	1,216	1,627
	<hr/>	<hr/>
	17,037	17,834
Less: Fixed deposits pledged	(640)	(727)
	<hr/>	<hr/>
Total	16,397	17,107

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

	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Employee benefit reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Translation reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
The Group							
Balance at 1 January 2014	100,438	317,502	171	2,760	(2,721)	89,725	507,875
Dividend	-	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	-	(12)	(1,853)	8,359	6,494
Balance at 30 September 2014	100,438	317,502	171	2,748	(4,574)	93,884	510,169
Total comprehensive income for the period	-	21,995	-	480	2,477	2,819	27,771
Balance at 31 December 2014	100,438	339,497	171	3,228	(2,097)	96,703	537,940
Balance at 1 January 2015	100,438	339,497	171	3,228	(2,097)	96,703	537,940
Dividend	-	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	-	(1,542)	(16,275)	3,132	(14,685)
Balance at 30 September 2015	100,438	339,497	171	1,686	(18,372)	95,635	519,055
Total comprehensive income for the period	-	12,863	-	44	3,749	(239)	16,417
Balance at 31 December 2015	100,438	352,360	171	1,730	(14,623)	95,396	535,472

1(d)(i) STATEMENT OF CHANGES IN EQUITY *(Continued)*

	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Company					
Balance at 1 January 2014	100,438	206,108	656	26,236	333,438
Dividend	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(60)	5,750	5,690
Balance at 30 September 2014	100,438	206,108	596	27,786	334,928
Total comprehensive income for the period	-	-	46	3,101	3,147
Balance at 31 December 2014	100,438	206,108	642	30,887	338,075
Balance at 1 January 2015	100,438	206,108	642	30,887	338,075
Dividend	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(269)	6,223	5,954
Balance at 30 September 2015	100,438	206,108	373	32,910	339,829
Total comprehensive income for the period	-	4,000	87	1,156	5,243
Balance at 31 December 2015	100,438	210,108	460	34,066	345,072

1(d)(ii) SHARE CAPITAL

	<u>The Group and the Company</u>			
	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>
	<u>Number of ordinary shares</u> <u>'000</u>		<u>\$'000</u>	<u>\$'000</u>
Issued and paid-up capital:				
Balance at beginning and end of year	<u>84.000</u>	<u>84.000</u>	<u>100.438</u>	<u>100.438</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2014.

1(d)(iii) TREASURY SHARES

There were no treasury shares.

2 AUDIT

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

3 AUDITORS' REPORT

Not applicable.

4 ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recently audited annual financial statements as at 31 December 2014.

The Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of other new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

5 CHANGES IN ACCOUNTING POLICIES

There was no changes in accounting policies which has a material financial effect on the results and financial position of the Group and of the Company for the current and the previous financial years.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Earnings per share (based on consolidated profit after taxation)				
- on weighted average number of shares	(0.28) cents	3.36 cents	3.44 cents	13.31 cents
- on a fully dilute basis	<u>(0.28) cents</u>	<u>3.36 cents</u>	<u>3.44 cents</u>	<u>13.31 cents</u>

Basic earnings per share for the fourth quarter and year ended 31 December 2015 are calculated on the Group (loss)/profit after income tax expense of S\$ (0.239) million and S\$2.893 million respectively (2014: S\$2.819 million and S\$11.178 million respectively) divided by weighted average number of ordinary shares of 84,000,000 (2014: 84,000,000).

Diluted earnings per ordinary share are the same as basic earnings per ordinary shares as there are no dilutive potential ordinary shares.

7 NET ASSET VALUE (NAV)

	<u>Group</u>		<u>Company</u>	
	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>
NAV per share based on issued number of shares as at the end of the respective period	<u>S\$6.37</u>	<u>S\$6.40</u>	<u>S\$4.11</u>	<u>S\$4.02</u>

The NAV per share as at 31 December 2015 and 31 December 2014 were calculated based on the number of shares in issue of 84 million ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Fourth quarter 2015 vs. Fourth quarter 2014

The Group's revenue for fourth quarter decreased by 12.6% or S\$2.025 million from S\$16.037 million in 2014 to S\$14.012 million in 2015 mainly due to lower room revenue and lower food and beverage sales from some of the Group's hotels.

The Group had loss after income tax of S\$0.239 million for fourth quarter 2015 as opposed to profit after income tax of S\$2.819 million for fourth quarter 2014 was mainly due to recognition of deferred tax expense in a Malaysia subsidiary, lower sales from some of the Group's hotels, impairment loss on hotel building for Hotel Royal Bangkok @ Chinatown and impairment loss on goodwill for investment in The Baba House.

and higher operating expenses and finance costs from a Thailand subsidiary.

Financial year ended 2015 vs. Financial year ended 2014

The Group's revenue for financial year ended 31 December 2015 increased by 1.0% or S\$0.593 million from S\$56.687 million in 2014 to S\$57.280 million in 2015 mainly due to additional room revenue and food and beverage sales from Burasari Resort.

The Group profit after income tax decreased to S\$2.893 million for financial year ended 31 December 2015 as compared to S\$11.178 million for financial year ended 31 December 2014. This was mainly due to impairment loss on hotel building for Hotel Royal Bangkok @ Chinatown, impairment loss on goodwill for investment in The Baba House, lower sales from some of the Group's hotels and higher foreign exchange loss from Malaysia subsidiaries as RM had weakened against SGD.

Adjusting for the impairment loss on hotel building for Hotel Royal Bangkok @ Chinatown of S\$0.829 million; impairment loss on goodwill of S\$1.384 million for investment in The Baba House, the adjusted profit after income tax for financial year ended 31 December 2015 would be as follows:

	<u>2015</u>	<u>2014</u>	<u>+/-</u>	<u>+/-</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Profit after income tax	2,893	11,178	(8,285)	(74.1)
Adjusted for:				
- Impairment loss on hotel building for Hotel Royal Bangkok @ Chinatown	829	-	829	100.0
- Impairment loss on goodwill for investment in the Baba House	1,384	-	1,384	100.0
Adjusted profit after income tax	<u>5,106</u>	<u>11,178</u>	<u>(6,072)</u>	<u>(54.3)</u>

In the opinion of the Directors, no transaction has arisen between 31 December 2015 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

9 VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

Not applicable.

10 OUTLOOK

The Group expects to meet more challenges in the year ahead as the world economy continued to slow down. The Group will continue with its strategy of competitive pricing and progressive upgrade of our hotel properties and facilities. We will closely monitor our room occupancy and room rates in order to maintain and enlarge our share of tourists' arrivals.

The Group will continue to actively upgrade and market its investment properties in New Zealand so as to maximize rental income.

The current instability in the Middle East and the uncertain world economy will also have an impact on the Group's managed fund portfolio.

In addition to the above, the Group's profitability will continue to be influenced by the changes in exchange rates of NZD, USD, RM and THB against the SGD; and changes in the income from the market value of our investment portfolio and the increase in interest rate.

11 DIVIDEND

(a) Current Financial Period Reported On

First and Final Dividend

The following dividend is proposed for the financial year ended 31 December 2015:

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	5 cents per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

First and Final Dividend

The following dividend was declared for the financial year ended 31 December 2014:

Name of Dividend	First and final
Dividend Type	Cash
Dividend Rate	5 cents per ordinary share (one-tier tax exempt)
Tax Rate	Exempt

(c) Date payable

To be announced.

(d) Books closure date

To be announced.

12 OPERATING SEGMENT

The Group is primarily engaged in the following operations:

- Owning and operating hotels and providing ancillary services (“hotel operation”)
- Owning and letting out investment properties (“property investment”)
- Holding financial investments which comprise financial assets such as shares, bonds, funds and other financial products, to generate a stable stream of income through interest and dividends, and also for potential capital appreciation (“financial investment”)

I. Revenue

	External		Inter-segment		Total	
	<u>2015</u> <u>S\$'000</u>	<u>2014</u> <u>S\$'000</u>	<u>2015</u> <u>S\$'000</u>	<u>2014</u> <u>S\$'000</u>	<u>2015</u> <u>S\$'000</u>	<u>2014</u> <u>S\$'000</u>
Hotel operation						
Singapore	27,558	29,814	-	-	27,558	29,814
Malaysia	9,024	12,090	-	-	9,024	12,090
Thailand	10,992	4,896	-	-	10,992	4,896
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	47,574	46,800	-	-	47,574	46,800
Property investment						
Singapore	1,693	1,587	115	126	1,808	1,713
New Zealand	6,538	6,706	-	-	6,538	6,706
Malaysia	851	967	-	-	851	967
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,082	9,260	115	126	9,197	9,386
Financial investment						
	624	627	1,737	2,272	2,361	2,899
Total	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	57,280	56,687	1,852	2,398	59,132	59,085

II. Net profit

	Net profit(loss) for the year	
	<u>2015</u>	<u>2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation		
Singapore	8,098	10,497
Malaysia	(2,964)	1,226
Thailand	(517)	552
	<hr/>	<hr/>
	4,617	12,275
	<hr/>	<hr/>
Property investment		
Singapore	1,201	1,109
New Zealand	3,495	2,998
Malaysia	276	884
	<hr/>	<hr/>
	4,972	4,991
	<hr/>	<hr/>
Financial investment	1,168	628
	<hr/>	<hr/>
Total	10,757	17,894
Finance cost	(5,124)	(3,627)
	<hr/>	<hr/>
Profit before income tax	5,633	14,267
Income tax expense	(2,740)	(3,089)
	<hr/>	<hr/>
Profit after income tax	2,893	11,178
	<hr/>	<hr/>

III. Segment assets and liabilities

	Segment assets		Segment liabilities	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	451,659	442,152	4,011	3,132
Malaysia	52,392	51,700	1,455	1,058
Thailand	99,926	104,231	2,733	3,503
	603,977	598,083	8,199	7,693
Property investment				
Singapore	29,475	30,607	204	214
New Zealand	56,319	61,323	703	1,273
Malaysia	14,376	14,375	325	757
	100,170	106,305	1,232	2,244
Financial investment	18,671	19,623	27	177
Total	722,818	724,011	9,458	10,114
Unallocated items	1,223	1,739	179,111	177,696
Consolidated total	724,041	725,750	188,569	187,810

IV. Other segment information

	Depreciation		Additions to non-current assets	
	2015	2014	2015	2014
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	3,450	2,796	3,511	3,623
Malaysia	1,951	1,665	3,089	2,694
Thailand	2,076	1,087	4,558	15,890
	<u>7,477</u>	<u>5,548</u>	<u>11,158</u>	<u>22,207</u>
Property investment				
Singapore	444	421	-	664
New Zealand	655	734	402	1,678
Malaysia	155	150	2,462	-
	<u>1,254</u>	<u>1,305</u>	<u>2,864</u>	<u>2,342</u>
Financial investment	-	-	-	-
	<u>8,731</u>	<u>6,853</u>	<u>14,022</u>	<u>24,549</u>

V. Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial investments) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2015	2014	2015	2014
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	29,812	31,966	452,992	442,977
Malaysia	9,904	13,086	85,637	84,421
New Zealand	6,563	6,714	55,154	59,940
Thailand	11,001	4,921	94,863	97,398
Total	<u>57,280</u>	<u>56,687</u>	<u>688,646</u>	<u>684,736</u>

13 REVIEW OF SEGMENT PERFORMANCE

The net profit for hotel operation segment decreased by 62.4% or S\$7.658 million from S\$12.275 million in 2014 to S\$4.617 million in 2015. This was mainly due to lower room revenue and lower food and beverage sales from hotel segments in both Singapore and Malaysia. The decrease was also due to higher operating expenses and finance costs from hotel segment in Thailand. The weakened RM against SGD also contributed to the decrease.

The net profit for property investment segment decreased by 0.38% or S\$0.019 million from S\$4.991 million in 2014 to S\$4.972 million in 2015. This was mainly due to lower rental income from both property investment segments in New Zealand and Malaysia. The weakened NZD and RM against SGD also contributed to the decrease.

The net profit for financial investment increased by 86.0% or S\$0.540 million from S\$0.628 million in 2014 to S\$1.168 million in 2015. This was mainly due to higher gain on disposal from available-for-sale investments.

14 BREAKDOWN OF SALES

	<u>Group</u>		<u>Increase</u>
	<u>2015</u>	<u>2014</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<u>Revenue reported for:</u>			
1 st Quarter	15,331	12,687	20.8
2 nd Quarter	13,830	13,029	6.1
3 rd Quarter	14,107	14,934	(5.5)
4 th Quarter	14,012	16,037	(12.6)
Total	<u>57,280</u>	<u>56,687</u>	<u>1.0</u>
<u>(Loss) Profit for the year attributable to equity holders of the Company:</u>			
1 st Quarter	2,167	2,560	(15.4)
2 nd Quarter	712	2,610	(72.7)
3 rd Quarter	253	3,189	(92.1)
4 th Quarter	(239)	2,819	(>100)
Total	<u>2,893</u>	<u>11,178</u>	<u>(74.1)</u>

15 TOTAL ANNUAL DIVIDEND

	<u>2015</u>	<u>2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Ordinary		
Interim	-	-
Final	4,200	4,200
	<u>4,200</u>	<u>4,200</u>

16 INTERESTED PERSON TRANSACTIONS

There were no interested person transactions of S\$100,000 or more for the period under review. The Group does not have a mandate from its shareholders for interested person transactions.

17 PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Lee Chou Hock (BAcc, MBA)	62	Nephew of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the group in 1985. Presently the Chief Executive Officer of the Company. His duties include the general management of the Company and Group.	Nil
Mr. George Lee Chou Hor (BBA (Hons), MBA, M.Sc (Real Estate), MPA)	57	Nephew of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the group in 1993. Presently the General Manager of Grand Complex Properties Ltd, Royal Properties Investment Pte Ltd, Royal Capital Pte Ltd and the Group's key subsidiaries. His duties include the general management of these companies.	Nil

PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO THE DIRECTORS, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS
(Continued)

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mrs. Wong Siew Choo	70	Sister of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the Company in 1973. Presently the Revenue Controller of the Company and alternate Company Secretary (since 2 August 1975). Her duties include the overall supervision of the Company's cash management and credit control.	Nil
Mdm Tay Kok Liang (BAcc)	63	Niece of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the Company in 1975. Presently the Accounts Controller of the Company. Her duties include the management of accounting functions and monitoring of the internal controls of the Company and Group.	Nil
Mr. Lee Chu Bing (BA)	36	Son of Dr. Lee Keng Thon, Chairman of Hotel Royal Limited	Joined the group in 2004. Presently the General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd. His duties include the general management of Hotel Royal @ Queens (Singapore) Pte Ltd.	Nil

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

26 February 2016