



HOTEL ROYAL LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 196800298G)

1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF-YEAR ENDED 30 JUNE 2019

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the second quarter and half-year ended 30 June 2019.

1(a) CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the second quarter and half-year ended 30 June

		<u>Group</u>					
		<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</u>		
		<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>
<u>Notes</u>		<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
	Revenue	12,985	13,945	(6.9)	27,914	30,634	(8.9)
	Cost of sales	(6,862)	(6,866)	(0.1)	(13,941)	(14,727)	(5.3)
	Gross profit	6,123	7,079	(13.5)	13,973	15,907	(12.2)
	Other income	313	70	>100	762	663	14.9
	Distribution costs	(310)	(344)	(9.9)	(654)	(693)	(5.6)
	Administrative expenses	(3,498)	(3,910)	(10.5)	(7,270)	(7,189)	1.1
	Other expenses	(693)	(703)	(1.4)	(1,268)	(1,513)	(16.2)
	Finance costs	(1,032)	(1,148)	(10.1)	(2,141)	(2,287)	(6.4)
	Profit before income tax	903	1,044	(13.5)	3,402	4,888	(30.4)
	Income tax expense	(517)	(464)	11.4	(1,036)	(1,779)	(41.8)
	Profit for the period attributable to owners of the Company	386	580	(33.4)	2,366	3,109	(23.9)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
for the second quarter and half-year ended 30 June**

	<u>Group</u>					
	<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</u>		
	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Profit for the period	386	580	(33.4)	2,366	3,109	(23.9)
Other comprehensive income:						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income	182	24	>100	231	24	>100
Re-measurement of defined benefit obligation	-	-	-	(19)	18	n.m.
Total	<u>182</u>	<u>24</u>	<u>>100</u>	<u>212</u>	<u>42</u>	<u>>100</u>
<i>Items that may be reclassified subsequently to profit or loss</i>						
Fair value gain (loss) recognised in fair value reserve	154	(141)	n.m.	978	(141)	n.m.
Exchange differences on translation of foreign operations	(334)	(2,725)	(87.7)	1,712	81	>100
Total	<u>(180)</u>	<u>(2,866)</u>	<u>(93.7)</u>	<u>2,690</u>	<u>(60)</u>	<u>n.m.</u>
Other comprehensive income (loss) for the period, net of tax	<u>2</u>	<u>(2,842)</u>	<u>n.m.</u>	<u>2,902</u>	<u>(18)</u>	<u>n.m.</u>
Total comprehensive income (loss) for the period attributable to owners of the Company	<u>388</u>	<u>(2,262)</u>	<u>n.m.</u>	<u>5,268</u>	<u>3,091</u>	<u>70.4</u>

n.m.: not meaningful

Notes

1. Revenue

Revenue comprises the following:

	<u>Group</u>					
	<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</u>		
	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>
<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	
Room revenue	7,767	8,413	(7.7)	17,327	18,762	(7.6)
Food and beverage revenue	2,062	2,253	(8.5)	4,327	4,911	(11.9)
Spa revenue	232	315	(26.3)	498	686	(27.4)
Rental income from:						
Investment properties	1,796	1,826	(1.6)	3,457	3,933	(12.1)
Other properties	682	716	(4.7)	1,464	1,489	(1.7)
Car park revenue	322	250	28.8	650	569	14.2
Interest income from outside parties	14	18	(22.2)	24	22	9.1
Dividend income from quoted equity investments (gross)	88	150	(41.3)	123	218	(43.6)
Others	22	4	>100	44	44	-
Total	12,985	13,945	(6.9)	27,914	30,634	(8.9)

Room revenue

Group room revenue for second quarter and half-year ended 30 June 2019 decreased by 7.7% and 7.6% respectively for second quarter and half-year ended 30 June 2019 as compared to corresponding periods in 2018 mainly due to lower room occupancy and downward adjustment of room rates in some of the Group's hotels.

Food and beverage revenue

The food and beverage revenue decreased by 8.5% and 11.9% respectively for second quarter and half-year ended 30 June 2019 as compared to corresponding periods in 2018 mainly due to lower breakfast sales in some of the Group's hotels.

Rental income from investment properties

Rental income from investment properties decreased by 1.6% and 12.1% respectively for second quarter and half-year ended 30 June 2019 as compared to corresponding periods in 2018 mainly due to lower occupancy in some of the Group's investment properties.

2. Cost of sales

Cost of sales decreased for second quarter and half-year ended 30 June 2019 as compared to corresponding periods in 2018 mainly due to lower costs in some of the Group's hotels and properties.

3. Other income

Other income comprises mainly foreign exchange gain, fair value gain on financial assets at fair value through profit or loss, short-term fixed deposit interest income and miscellaneous other income

The increase in other income for second quarter and half-year ended 30 June 2019 as compared to corresponding periods in 2018 was mainly due to higher short-term fixed deposit interest income and presence of fair value gain on financial assets at fair value through profit or loss.

4. Distribution costs

The decrease in distribution costs for second quarter and half-year ended 30 June 2019 as compared to corresponding periods in 2018 was mainly due to lower sales and marketing expenses.

5. Administrative expenses

The decrease in administrative expenses for second quarter 2019 as compared to second quarter 2018 was mainly due to lower overhead expenses in the Group's hotels. However, administrative expenses increased slightly for half-year ended 30 June 2019 as compared to half-year ended 30 June 2018.

6. Other expenses

Other expenses comprise mainly foreign exchange loss, fair value loss on financial assets at fair value through profit or loss and other miscellaneous expenses.

The decrease in other expenses for second quarter and half-year ended 30 June 2019 as compared to the corresponding periods in 2018 was mainly due to absence of fair value loss on financial assets at fair value through profit or loss.

7. Finance costs

The decrease in finance costs for second quarter and half-year ended 30 June 2019 as compared to corresponding periods in 2018 was mainly due to bank loan repayments.

8. Profit before income tax

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

	<u>Group</u>					
	<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</u>		
	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>	<u>2019</u>	<u>2018</u>	<u>+ / (-)</u>
<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	
Depreciation expense	2,124	2,202	(3.5)	4,064	4,519	(10.1)
Fair value (gain) loss on financial assets at fair value through profit or loss	(66)	137	n.m.	(98)	278	n.m.
Net foreign exchange adjustment loss (gain)	73	80	(8.8)	(265)	(303)	(12.5)
Write-back of allowance for doubtful receivables no longer required	(3)	-	100.0	(3)	-	100.0
(Gain) loss on disposal of property, plant and equipment	-	(6)	(100.0)	2	(5)	n.m.

n.m.: not meaningful

Depreciation expense

The decrease in depreciation expense for second quarter and half-year ended 30 June 2019 as compared to corresponding period in 2018 was mainly due to some fully depreciated fixed assets.

Fair value (gain) loss on financial assets at fair value through profit or loss

The Group had fair value gain for second quarter and half-year ended 30 June 2019 as opposed to fair value loss for corresponding periods in 2018 mainly due to strengthened stock market conditions.

Net foreign exchange adjustment loss (gain)

The Group made lower net foreign exchange adjustment gain for half-year ended 30 June 2019 as compared to half-year ended 30 June 2018 mainly due to the weakened Malaysian ringgit against Singapore dollar.

9. Income tax expense

Income tax expense increased for second quarter 2019 as compared to second quarter 2018 mainly due to higher taxable income in the Company. However, income tax expense decreased for half-year ended 30 June 2019 as compared to half-year ended 30 June 2018 mainly due to absence of deferred tax expenses in both the New Zealand subsidiary and a Singapore subsidiary.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>30 June 19</u>	<u>31 Dec 18</u>	<u>30 June 19</u>	<u>31 Dec 18</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Current assets					
Cash and bank balances	10	21,366	29,269	7,636	15,654
Financial assets at fair value through profit or loss	11	3,455	2,987	1,336	978
Financial assets at fair value through other comprehensive income		5,620	5,623	771	1,540
Trade receivables	12	2,461	3,083	881	978
Other receivables, deposits and prepaid expenses	13	8,721	1,458	340	101
Inventories		1,275	1,092	470	240
Income tax recoverable		5	3	-	-
Total current assets		<u>42,903</u>	<u>43,515</u>	<u>11,434</u>	<u>19,491</u>
Non-current assets					
Subsidiaries		-	-	195,868	184,315
Financial assets at fair value through other comprehensive income		20,020	19,849	17,107	17,066
Other assets		508	543	-	-
Goodwill		2,011	1,920	-	-
Property, plant and equipment		651,372	647,679	264,753	265,498
Investment properties		96,509	93,887	23,064	23,253
Total non-current assets		<u>770,420</u>	<u>763,878</u>	<u>500,792</u>	<u>490,132</u>
Total assets		<u>813,323</u>	<u>807,393</u>	<u>512,226</u>	<u>509,623</u>
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans		7,655	7,875	-	-
Trade payables		3,803	3,987	2,186	1,726
Other payables	14	4,564	6,185	3,396	3,713
Income tax payable	15	2,222	2,716	857	1,618
Total current liabilities		<u>18,244</u>	<u>20,763</u>	<u>6,439</u>	<u>7,057</u>
Non-current liabilities					
Other payables		49	49	27,763	27,498
Retirement benefit obligations		788	772	-	-
Long-term bank loans	16	106,429	97,158	37,664	32,281
Deferred tax liabilities		19,237	19,301	990	989
Total non-current liabilities		<u>126,503</u>	<u>117,280</u>	<u>66,417</u>	<u>60,768</u>
Capital and reserves					
Share capital		150,665	150,665	150,665	150,665
Asset revaluation reserve		407,913	407,913	234,208	234,208
Employee benefit reserve		171	190	-	-
Fair value reserve	17	17,964	16,755	15,702	15,608
Translation reserve	18	1,835	123	-	-
Retained earnings		90,028	93,704	38,795	41,317
Total equity		<u>668,576</u>	<u>669,350</u>	<u>439,370</u>	<u>441,798</u>
Total liabilities and equity		<u>813,323</u>	<u>807,393</u>	<u>512,226</u>	<u>509,623</u>

10. Cash and bank balances

The decrease in cash and bank balances was mainly due to the 10% deposit payment (RM 19.7 million) made for proposed acquisition of the Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia.

11. Financial assets at fair value through profit or loss

The increase in financial assets at fair value through profit or loss was mainly due to higher purchase of investments.

12. Trade receivables

The decrease in trade receivables was mainly due to prompt collections from trade debtors.

13. Other receivables, deposits and prepaid expenses

The increase in other receivables, deposits and prepaid expenses was mainly due to presence of RM 19.7 million deposits in a newly incorporated Malaysia subsidiary.

14. Other payables

The decrease in other payables was mainly due to the RM 4 million balance payment to complete the purchase of Baba Mansion Melaka in 2Q2019.

15. Income tax payable

The decrease in income tax payable was mainly due to tax payments made in the Company.

16. Long-term bank loans

The increase in long-term bank loans was mainly due to new loan drawdowns in the Company as well as in the New Zealand subsidiary for the proposed acquisition of the Royale Chulan Bukit Bintang Hotel and the upgrading of Grand Complex properties in New Zealand.

17. Fair value reserve

The increase in fair value reserve was mainly due to fair value gain on financial assets at fair value through other comprehensive income.

18. Translation reserve

The increase in translation reserve to S\$1.835 million as at 30 June 2019 from S\$0.123 million as at 31 December 2018 was mainly due to translation gain on translating the net assets of Thailand subsidiaries into Singapore dollar as the Thai baht had strengthened against Singapore dollar. The increase was offset by translation loss on translating the net assets of both New Zealand and Malaysia subsidiaries into Singapore dollar as both the New Zealand dollar and Malaysian ringgit had weakened against Singapore dollar.

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

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

<u>As at 30 June 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
7,655	-	7,875	-

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

<u>As at 30 June 2019</u>		<u>As at 31 Dec 2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
106,429	-	97,158	-

Details of collaterals

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

**1 (c) CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half-year ended 30 June**

	Group			
	<u>Second Quarter Ended</u>		<u>Half-Year Ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
Operating activities:				
Profit before income tax	903	1,044	3,402	4,888
Adjustments for:				
Depreciation expense	2,124	2,202	4,064	4,519
Dividend income	(88)	(150)	(123)	(218)
Interest income	(14)	(18)	(24)	(22)
Interest expense	1,032	1,148	2,141	2,287
Write-back of allowance for doubtful receivables no longer required	(3)	-	(3)	-
Fair value (gain) loss on financial assets at fair value through profit or loss	(66)	137	(98)	278
(Gain) loss on disposal of property, plant and equipment	-	(6)	2	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	3,888	4,357	9,361	11,727
Financial assets at fair value through other comprehensive income	50	126	(11)	129
Financial assets at fair value through profit or loss	103	541	(370)	449
Trade and other receivables	933	1,450	(63)	1,007
Inventories	(87)	(39)	(182)	(26)
Trade and other payables	(1,008)	(1,515)	(1,805)	(2,408)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	3,879	4,920	6,930	10,878
Interest paid	(1,032)	(1,148)	(2,141)	(2,287)
Interest received	14	18	24	22
Dividend received	88	150	123	218
Income tax paid - net of refund	(815)	(991)	(1,344)	(1,149)
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Net cash from operating activities	2,134	2,949	3,592	7,682
	<hr/>	<hr/>	<hr/>	<hr/>
Investing activities:				
Deposit payment for proposed acquisition of the Royale Chulan Bukit Bintang Hotel in Kuala Lumpur, Malaysia	-	-	(6,540)	-
Purchase of financial assets at fair value through other comprehensive income	(49)	(3,450)	(87)	(3,871)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,016	2,067	1,139	3,097
Purchase of property, plant and equipment	(1,289)	(682)	(2,988)	(1,474)
Addition to investment properties	(2,602)	(554)	(3,908)	(852)
Proceeds from disposal of property, plant and equipment	(38)	73	-	81
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(2,962)	(2,546)	(12,384)	(3,019)
	<hr/>	<hr/>	<hr/>	<hr/>

1 (c) CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half-year ended 30 June (Continued)

	<u>Group</u>			
	<u>Second Quarter Ended</u>		<u>Half-Year Ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financing activities:				
Fixed deposits pledged to banks	16	3	10	(26)
Proceeds from bank loans	885	3,000	9,261	3,000
Repayment of bank loans	(786)	(1,267)	(1,523)	(5,722)
Dividends paid	(6,042)	(4,200)	(6,042)	(4,200)
Net cash (used in) from financing activities	<u>(5,927)</u>	<u>(2,464)</u>	<u>1,706</u>	<u>(6,948)</u>
Net decrease in cash and cash equivalents	(6,755)	(2,061)	(7,086)	(2,285)
Cash and cash equivalents at beginning of period	26,790	18,345	28,189	17,248
Effect of currency exchange adjustment	261	(284)	(807)	1,037
Cash and cash equivalents at end of period	<u>20,296</u>	<u>16,000</u>	<u>20,296</u>	<u>16,000</u>

Cash and cash equivalents consist of:

	<u>As at 30 June</u>	
	<u>2019</u>	<u>2018</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	142	137
Cash at bank	18,735	15,213
Fixed deposits	2,489	1,756
	<u>21,366</u>	<u>17,106</u>
Less: Fixed deposits pledged to banks	<u>(1,070)</u>	<u>(1,106)</u>
Total	<u>20,296</u>	<u>16,000</u>

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 2018	100,438	364,577	180	3,707	90	89,342	558,334
Effect on adoption of SFRS(I) 9	-	-	-	(503)	-	503	-
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	2,529	2,529
Other comprehensive income for the period	-	-	18	(216)	2,806	216	2,824
Total	-	-	18	(216)	2,806	2,745	5,353
Balance at 31 March 2018	100,438	364,577	198	2,988	2,896	92,590	563,687
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	580	580
Other comprehensive (loss) income for the period	-	-	-	(519)	(2,725)	402	(2,842)
Total	-	-	-	(519)	(2,725)	982	(2,262)
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
Balance at 30 June 2018	100,438	364,577	198	2,469	171	89,372	557,225

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

	<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 2019	150,665	407,913	190	16,755	123	93,704	669,350
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	1,980	1,980
Other comprehensive income (loss) for the period	-	-	(19)	873	2,046	-	2,900
Total	-	-	(19)	873	2,046	1,980	4,880
Balance at 31 March 2019	150,665	407,913	171	17,628	2,169	95,684	674,230
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	386	386
Other comprehensive income (loss) for the period	-	-	-	336	(334)	-	2
Total	-	-	-	336	(334)	386	388
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(6,042)	(6,042)
Balance at 30 June 2019	150,665	407,913	171	17,964	1,835	90,028	668,576

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

	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
The Company					
Balance at 1 January 2018	100,438	213,108	759	38,355	352,660
Effect on adoption of SFRS(I) 9	-	-	(109)	109	-
Total comprehensive income (loss) for the period					
Profit for the period	-	-	-	1,490	1,490
Other comprehensive loss for the period	-	-	(97)	-	(97)
Total	-	-	(97)	1,490	1,393
Balance at 31 March 2018	100,438	213,108	553	39,954	354,053
Total comprehensive income for the period					
Profit for the period	-	-	-	1,050	1,050
Other comprehensive income for the period	-	-	115	-	115
Total	-	-	115	1,050	1,165
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
Balance at 30 June 2018	100,438	213,108	668	36,804	351,018

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

	<u>Share capital</u> S\$'000	<u>Asset revaluation reserve</u> S\$'000	<u>Fair value reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Total</u> S\$'000
The Company					
Balance at 1 January 2019	150,665	234,208	15,608	41,317	441,798
Total comprehensive income (loss) for the period					
Profit for the period	-	-	-	932	932
Other comprehensive income (loss) for the period	-	-	214	(850)	(636)
Total	-	-	214	82	296
Balance at 31 March 2019	150,665	234,208	15,822	41,399	442,094
Total comprehensive income for the period					
Profit for the period	-	-	-	2,356	2,356
Other comprehensive (loss) income for the period	-	-	(120)	1,082	962
Total	-	-	(120)	3,438	3,318
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(6,042)	(6,042)
Balance at 30 June 2019	150,665	234,208	15,702	38,795	439,370

1(d)(ii) SHARE CAPITAL

	<u>30 June 2019</u>	<u>31 Dec 2018</u>	<u>30 June 2019</u>	<u>31 Dec 2018</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
Issued and paid-up capital:				
Balance at beginning and end of period	<u>100.800</u>	<u>100.800</u>	<u>150.665</u>	<u>150.665</u>

There was no change in the share capital since the end of the previous period reported on.

Use of Rights Issue's Proceeds

Balance unutilized as at 31 March 2019 was S\$4.985 million.

There was no utilization of the balance of the rights issue proceeds in 2Q2019.

S\$4.985 million was set aside for working capital as at 30 June 2019.

1(d)(iii) TREASURY SHARES

There are no treasury shares.

1(d)(iv) A STATEMENT SHOWING ALL SALES, TRANSFERERS, CANCELLATION AND /OR USE OF SUBSIDIARY HOLDINGS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2 AUDIT

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

3 AUDITORS' REPORT

Not applicable.

4 ACCOUNTING POLICIES

The same accounting policies and methods of computation have been applied in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2018.

5 CHANGES IN ACCOUNTING POLICIES

There has been no change in accounting policy which has a material effect on the results and financial position of the Group and of the Company for the current and the previous financial periods.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>			
	<u>Second Quarter Ended 30 June</u>		<u>Half-Year Ended 30 June</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	0.38 cents	0.68 cents	2.35 cents	3.65 cents
- on a fully diluted basis	0.38 cents	0.68 cents	2.35 cents	3.65 cents

Basic earnings per share is calculated based on the Group's profit of S\$0.386 million and S\$2.366 million respectively (2018: S\$0.580 million and S\$3.109 million respectively) after income tax expense divided by 100.800 million (2018: 85.292 million) ordinary shares.

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

7 NET ASSET VALUE (NAV)

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2019</u>	<u>31 Dec 2018</u>	<u>30 June 2019</u>	<u>31 Dec 2018</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$6.63	S\$6.64	S\$4.36	S\$4.38

The NAV per share as at 30 June 2019 and 31 December 2018 were calculated based on the number of shares in issue of 100.800 million ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Second quarter 2019 vs Second quarter 2018

The Group's revenue for the second quarter decreased by 6.9% from S\$13.945 million in 2018 to S\$12.985 million in 2019 mainly due to lower room revenue and lower food and beverage revenue.

The Group made a profit after income tax of S\$0.386 million in second quarter 2019 as compared to S\$0.580 million in second quarter 2018. This was mainly due to lower revenue.

Half-year ended 30 June 2019 vs Half-year ended 30 June 2018

The Group's revenue for half-year ended 30 June 2019 decreased by 8.9% from S\$30.634 million in 2018 to S\$27.914 million in 2019 mainly due to lower room revenue, lower food and beverage revenue, lower spa revenue and lower rental income from investment properties.

The Group made a profit after income tax of S\$2.366 million for half-year ended 30 June 2019 as compared to S\$3.109 million for half-year ended 30 June 2018. This was mainly due to lower revenue offset by lower income tax expense.

In the opinion of the Directors, no transaction has arisen between 30 June 2019 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 will continue to closely monitor its room occupancy and room rates, enhance customer experiences, upgrade hotel properties and explore more investment opportunities, in order to maximize shareholders' income and enlarge its market share.

The Group is actively upgrading its investment properties in New Zealand so as to maximize rental income.

The Group's managed fund portfolio will continue to be affected by the global economic condition, Brexit uncertainty, geopolitical and trade tensions.

In addition to the above, the Group's profitability will also continue to be influenced by fluctuations in exchange rates of currencies such as the New Zealand dollar, United States dollar, Malaysian ringgit and Thai baht against Singapore dollar.

11 DIVIDEND

(a) Current Financial Period Reported On

No interim dividend is recommended for the current second quarter ended 30 June 2019.

(b) Corresponding Period of the Immediately Preceding Financial Year

No interim dividend was recommended for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

(e) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

The Group's practice is to consider declaring dividend on an annual basis. Therefore, there was no interim dividend declared for the second quarter ended 30 June 2019.

12 INTERESTED PERSON TRANSACTIONS

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

13 CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

**14 NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS
UNDER SGX LISTING RULE 705 (5) OF THE LISTING MANUAL**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the second quarter and half-year ended 30 June 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

8 August 2019