



# 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 2014

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 2014.

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

	Notes	<u>Group</u>					
		<u>Second Quarter Ended 30 June</u>			<u>Half-Year Ended 30 June</u>		
		<u>2014</u>	<u>2013</u>	<u>+ / (-)</u>	<u>2014</u>	<u>2013</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	
Revenue	1	13,029	12,689	2.7	25,716	25,141	2.3
Cost of sales	2	(5,811)	(6,216)	(6.5)	(11,958)	(12,413)	(3.7)
Gross profit		7,218	6,473	11.5	13,758	12,728	8.1
Other income	3	343	847	(59.5)	551	1,157	(52.4)
Distribution costs	4	(357)	(348)	2.6	(508)	(492)	3.3
Administrative expenses	4	(2,548)	(2,333)	9.2	(5,062)	(4,777)	6.0
Other expenses	5	(21)	(130)	(83.8)	(37)	(172)	(78.5)
Finance cost	6	(763)	(755)	1.1	(1,483)	(1,523)	(2.6)
Profit before income tax	7	3,872	3,754	3.1	7,219	6,921	4.3
Income tax expense	8	(1,262)	(659)	91.5	(2,049)	(1,535)	33.5
Profit for the period attributable to owners of the Company		2,610	3,095	(15.7)	5,170	5,386	(4.0)

**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>2014</u>	<u>2013</u>	<u>+/-</u>	<u>2014</u>	<u>2013</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	2,610	3,095	(15.7)	5,170	5,386	(4.0)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Available-for-sale investments:						
Fair value gain (loss) recognised in fair value reserve	307	(355)	n.m.	37	63	(41.3)
Transfer from fair value reserve to profit or loss upon disposal of available-for-sale investments	(236)	(76)	n.m.	(279)	(193)	44.6
Exchange (loss) gain on translation of foreign operations	(364)	(2,601)	(86.0)	1,730	(768)	n.m.
Total	(293)	(3,032)	(90.3)	1,488	(898)	n.m.
Total comprehensive income for the period attributable to owners of the Company	2,317	63	n.m.	6,658	4,488	48.4

**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>2014</u>	<u>2013</u>	<u>+ / (-)</u>	<u>2014</u>	<u>2013</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	7,348	7,816	(6.0)	15,122	15,485	(2.3)
Food and beverages revenue	2,004	1,797	11.5	3,880	3,607	7.6
Rental income from:						
Investment properties	2,438	1,818	34.1	4,318	3,619	19.3
Other properties	693	734	(5.6)	1,421	1,340	6.0
Car park revenue	320	238	34.5	635	603	5.3
Interest income from outside parties	38	48	(20.8)	62	105	(41.0)
Dividend income from:						
Quoted equity investments (gross)	169	142	19.0	248	176	40.9
Others	19	96	(80.2)	30	206	(85.4)
<b>Total</b>	<b>13,029</b>	<b>12,689</b>	<b>2.7</b>	<b>25,716</b>	<b>25,141</b>	<b>2.3</b>

### ***Room revenue***

Group room revenue for second quarter and first half-year of 2014 decreased by 6.0% and 2.3% respectively as compared to the corresponding periods in 2013. This was mainly due to lower contribution from Singapore hotels due to severe competition from more room inventory coming on-stream offset by better performance from Malaysia hotels.

### ***Food and beverages revenue***

The increase in food and beverage revenue for the second quarter and first half-year of 2014 as compared to the corresponding periods in 2013 was mainly due to higher banquet sales from Malaysia hotels offset by lower breakfast sales from Singapore hotels.

### ***Rental income from investment properties***

Rental income from investment properties for second quarter and first half-year of 2014 increased by 34.1% and 19.3% respectively as compared to the corresponding periods in 2013 mainly due to better performance from the Group's investment properties in New Zealand, Singapore and Malaysia.

### ***Rental income from other properties***

The rental income from other properties for second quarter 2014 decreased by 5.6% as compared to second quarter 2013 due to less contribution from Thailand hotel because of major renovations and construction work and the depreciation of Thai baht against Singapore dollar. However, the rental income from other properties increased by 6.0% for first half-year 2014 due to higher contributions from Singapore hotels.

## **2. Cost of sales**

The decrease in cost of sales for second quarter and first half-year of 2014 as compared to the corresponding periods in 2013 was mainly due to lower direct expenses incurred by New Zealand subsidiary and two Singapore hotels.

## **3. Other income**

Other income comprise mainly gain on disposal of available-for-sale investments, fair value gain from held-for-trading investments, bad debts recovered and net foreign exchange gain.

The decrease in other income for second quarter and first half-year of 2014 was mainly due to lower net foreign exchange gain and absence of utility refunds which was present in 2013. The decrease was offset by higher gain on disposal of available-for-sale investments and higher fair value gain from held-for-trading investments.

## **4. Distribution costs and administrative expenses**

The increase in distribution costs for second quarter and first half-year of 2014 as compared to the corresponding periods in 2013 was mainly due to higher sales and marketing expenses incurred by the Malaysia hotels.

The increase in administrative expenses for second quarter and first half-year of 2014 as compared to the corresponding periods in 2013 was mainly due to increase in overhead expenses.

## **5. Other expenses**

Other expenses comprise mainly allowance for doubtful debts and impairment loss on available-for-sale investments.

The decrease in other expenses for second quarter and first half-year of 2014 as compared to the corresponding periods in 2013 was mainly due to absence of fair value loss from held-for-trading investments which was present in 2013, lower allowance for doubtful debts and lower impairment loss on available-for-sale investments.

## 6. Finance cost

The increase in finance costs for second quarter 2014 as compared to second quarter 2013 was mainly due to increase in Group's borrowings offset by repayments made.

## 7. 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>2014</u>	<u>2013</u>	<u>+ / (-)</u>	<u>2014</u>	<u>2013</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	1,361	1,286	5.8	2,765	2,583	7.0
Impairment loss on available-for-sale investments	-	55	(100.0)	-	55	(100.0)
Allowance for doubtful debts	21	20	5.0	37	62	(40.3)
Bad debts recovered	-	-	-	(38)	-	100.0
Fair value (gain) loss on held-for-trading investments	(112)	115	<i>n.m.</i>	(146)	54	<i>n.m.</i>
Net foreign exchange adjustment loss (gain)	35	(26)	<i>n.m.</i>	(21)	(112)	(81.3)
Gain on disposal of available-for-sale investments	(236)	(76)	<i>n.m.</i>	(279)	(193)	44.6

*n.m.* : not meaningful

### *Depreciation*

The increase in depreciation expense was mainly due to renovation and upgrading works for investment properties in New Zealand subsidiary and also renovation for hotel buildings in Hotel Royal (Newton) and Hotel Royal Kuala Lumpur.

### *Allowance for doubtful debts*

The decrease was due to lower allowance for doubtful debts provided by New Zealand subsidiary for first half-year 2014 as compared to 2013.

### *Fair value (gain) loss on held-for-trading investments*

The Group recorded net fair value gain on held-for-trading investments for second quarter and first half-year of 2014 as compared to fair value loss in corresponding periods in 2013. This was mainly due to the strengthened stock market conditions in second quarter 2014.

### *Net foreign exchange adjustment loss (gain)*

The weakening of USD against SGD resulted in foreign exchange loss from investments in second quarter 2014 and lower foreign exchange gain for first half-year of 2014.

### *Gain on disposal of available-for-sale investments*

The Group recorded higher gain on disposal of available-for-sale investments for second quarter and first half-year of 2014 as compared to corresponding periods in 2013. This was mainly due to strengthened stock market conditions.

## 8. Income tax expense

Income tax expense for second quarter and first half-year of 2014 increased mainly due to higher income tax expense contributed by New Zealand subsidiary resulting from higher taxable profits.

### 1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Notes	<u>The Group</u>		<u>The Company</u>	
		<u>30 June 14</u>	<u>31 Dec 13</u>	<u>30 June 14</u>	<u>31 Dec 13</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and bank balances	9	16,049	20,100	1,712	3,061
Held-for-trading investments	10	5,844	5,144	526	534
Available-for-sale investments		7,821	7,940	1,483	2,028
Trade receivables	11	5,121	4,018	1,485	1,239
Other receivables, deposits and prepaid expenses		2,231	2,118	221	683
Inventories		474	494	260	258
<b>Total current assets</b>		<b>37,540</b>	<b>39,814</b>	<b>5,687</b>	<b>7,803</b>
<b>Non-current assets</b>					
Deferred tax assets		53	53	-	-
Subsidiaries		-	-	118,665	97,912
Available-for-sale investments		3,978	4,024	1,378	1,348
Other assets	12	8,219	3,751	-	-
Goodwill		123	123	-	-
Property, plant and equipment		491,574	485,494	237,261	236,336
Investment properties		101,634	96,687	25,723	24,529
<b>Total non-current assets</b>		<b>605,581</b>	<b>590,132</b>	<b>383,027</b>	<b>360,125</b>
<b>Total assets</b>		<b>643,121</b>	<b>629,946</b>	<b>388,714</b>	<b>367,928</b>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Bank loans	13	18,597	26,678	-	18,750
Trade payables	14	4,285	5,519	2,609	3,220
Other payables	15	3,314	2,949	4,451	10,737
Current portion of finance lease		12	12	-	-
Income tax payable		2,628	2,812	724	1,351
<b>Total current liabilities</b>		<b>28,836</b>	<b>37,970</b>	<b>7,784</b>	<b>34,058</b>
<b>Non-current liabilities</b>					
Amount due to subsidiary companies		-	-	24,371	-
Retirement benefit obligations		371	363	-	-
Long-term bank loans	13	86,175	67,206	23,200	-
Finance lease		9	14	-	-
Deferred tax liabilities		17,397	16,518	432	432
<b>Total non-current liabilities</b>		<b>103,952</b>	<b>84,101</b>	<b>48,003</b>	<b>432</b>
<b>Capital and reserves</b>					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		317,502	317,502	206,108	206,108
Employee benefit reserve		171	171	-	-
Fair value reserve		2,518	2,760	568	656
Translation reserve	16	(991)	(2,721)	-	-
Retained earnings		90,695	89,725	25,813	26,236
<b>Total equity</b>		<b>510,333</b>	<b>507,875</b>	<b>332,927</b>	<b>333,438</b>
<b>Total liabilities and equity</b>		<b>643,121</b>	<b>629,946</b>	<b>388,714</b>	<b>367,928</b>

**9. Cash and bank balances**

The decrease in cash and bank balances was mainly due to payments made for renovation works of Hotel Royal Bangkok (Thailand) and cost incurred to change from 87.5% share in 11 apartments in Royal Residences to full ownership of 10 out of 11 apartments.

**10. Held-for-trading investments**

The increase in held-for-trading investments was mainly due to higher fair value resulting from strengthening of stock market conditions.

**11. Trade receivables**

The increase in trade receivables was mainly due to higher revenue from New Zealand subsidiary and Malaysia hotels.

**12. Other assets**

Other asset comprise of non-current lease incentives and prepayments.

The increase was due to higher prepayments made for renovation works in Hotel Royal Bangkok @ Chinatown offset by decrease in lease incentives in New Zealand subsidiary.

The lease incentives arose from the recognition of the rent free periods offered to tenants by the subsidiary in New Zealand. The lease incentives will be amortised over the lease period.

**13. Bank loans**

Bank loans consist of short-term bank loans and long-term bank loans.

The decrease in the Group's short-term bank loans was due to repayment of bank loans. The Group's long-term bank loans increased due to some restructuring from short-term bank loans to long-term bank loans during the first half-year of 2014.

**14. Trade payables**

The decrease was mainly due to prompt payments made to trade creditors and decrease in trade purchases for first half-year of 2014.

**15. Other payables**

The increase in other payables mainly arose from major upgrading works in Hotel Royal Bangkok @ Chinatown and higher insurance cost payable by New Zealand subsidiary.

**16. Translation reserve**

The movement in translation reserve from negative S\$2.721 million as at 31 December 2013 to negative S\$0.991 million as at 30 June 2014 was mainly due to gains on translating the net assets of New Zealand subsidiary into Singapore dollar as New Zealand dollar had strengthened against Singapore dollar. The favorable change was partially offset by loss on translating the net assets of Malaysia subsidiaries and Thailand subsidiaries into Singapore dollar as both Malaysia ringgit and Thai baht 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 2014</u>		<u>As at 31 Dec 2013</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
18,597	-	26,678	-

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

<u>As at 30 June 2014</u>		<u>As at 31 Dec 2013</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
86,175	-	67,206	-

### Details of collaterals

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

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

	<u>Group</u>			
	<u>Second Quarter Ended 30</u>		<u>Half-Year Ended 30</u>	
	<u>June</u>		<u>June</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Operating activities:</b>				
Profit before income tax	3,872	3,754	7,219	6,921
Adjustments for:				
Depreciation expense	1,361	1,286	2,765	2,583
Impairment loss on available-for-sale investments	-	55	-	55
Dividend income	(169)	(142)	(248)	(176)
Interest income	(38)	(48)	(62)	(105)
Interest expense	763	755	1,483	1,523
Allowance for doubtful debts	21	20	37	62
Bad debts recovered	-	-	(38)	-
Gain on disposal of available-for-sale investments	(236)	(76)	(279)	(193)
Fair value (gain) loss on held-for-trading investments	(112)	115	(146)	54
	<hr/>	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	5,462	5,719	10,731	10,724
Available-for-sale investments	7	1,065	9	(73)
Held-for-trading investments	(462)	346	(554)	663
Trade and other receivables	133	161	623	(1,400)
Inventories	31	11	20	13
Trade and other payables	(469)	(254)	(860)	(24)
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from operations	4,702	7,048	9,969	9,903
Interest paid	(763)	(755)	(1,483)	(1,523)
Interest received	38	48	62	105
Dividend received	169	142	248	176
Income tax paid – net of refund	(1,675)	(1,090)	(2,014)	(1,849)
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Net cash from operating activities	2,471	5,393	6,782	6,812
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Investing activities:</b>				
Purchase of available-for-sale investments	(965)	(4,662)	(2,439)	(4,662)
Proceeds from disposal of available-for-sale investments	1,327	2,712	2,632	2,712
Purchase of property, plant and equipment	(5,595)	(1,147)	(8,276)	(3,195)
Addition to investment properties	(2,162)	(281)	(2,653)	(325)
Deposit for increased share in Royal Residences	-	-	(4,848)	-
Deposit for acquisition of new investment in Thailand	-	-	(1,403)	-
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Net cash used in investing activities	(7,395)	(3,378)	(16,987)	(5,470)
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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 30</u>		<u>Half-Year Ended 30</u>	
	<u>June</u>		<u>June</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Financing activities:</b>				
Proceeds from bank loans	12,604	3,000	22,630	3,000
Repayment of bank loans	(4,314)	(716)	(11,870)	(2,418)
Repayment of finance lease	(4)	(3)	(6)	(4)
Dividends paid	(4,200)	(4,200)	(4,200)	(4,200)
Addition to finance lease	-	13	-	13
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Net cash from (used in) financing activities	4,086	(1,906)	6,554	(3,609)
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Net (decrease) increase in cash and cash equivalents	(838)	109	(3,651)	(2,267)
Cash and cash equivalents at beginning of period	15,960	21,255	20,100	21,725
Effect of currency exchange adjustment	927	(337)	(400)	1,569
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<b>Cash and cash equivalents at end of period</b>	<b>16,049</b>	<b>21,027</b>	<b>16,049</b>	<b>21,027</b>
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Cash and cash equivalents consist of:

	<u>As at 30 June</u>	
	<u>2014</u>	<u>2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	131	124
Cash at bank	14,377	17,501
Fixed deposits	1,541	3,402
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Total	16,049	21,027
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**1(d)(i) STATEMENTS OF CHANGES IN EQUITY**

<b>The Group</b>	<u>Share capital</u> <u>S\$'000</u>	<u>Asset revaluation reserve</u> <u>S\$'000</u>	<u>Employee benefit reserve</u> <u>S\$'000</u>	<u>Fair value reserve</u> <u>S\$'000</u>	<u>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
Balance at 1 January 2013	100,438	198,177	-	2,533	(2,241)	84,283	383,190
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,291	2,291
Other comprehensive income for the period	-	-	-	301	1,833	-	2,134
Total	-	-	-	301	1,833	2,291	4,425
<b>Balance at 31 March 2013</b>	100,438	198,177	-	2,834	(408)	86,574	387,615
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,095	3,095
Other comprehensive income for the period	-	-	-	(431)	(2,601)	-	(3,032)
Total	-	-	-	(431)	(2,601)	3,095	63
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
<b>Balance at 30 June 2013</b>	100,438	198,177	-	2,403	(3,009)	85,469	383,478

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

<b>The Group</b>	<u>Share capital</u>	<u>Asset revaluation reserve</u>	<u>Employee benefit reserve</u>	<u>Fair value reserve</u>	<u>Translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at 1 January 2014	100,438	317,502	171	2,760	(2,721)	89,725	507,875
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,560	2,560
Other comprehensive income for the period	-	-	-	(313)	2,094	-	1,781
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(313)</b>	<b>2,094</b>	<b>2,560</b>	<b>4,341</b>
<b>Balance at 31 March 2014</b>	<b>100,438</b>	<b>317,502</b>	<b>171</b>	<b>2,447</b>	<b>(627)</b>	<b>92,285</b>	<b>512,216</b>
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,610	2,610
Other comprehensive income for the period	-	-	-	71	(364)	-	(293)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>(364)</b>	<b>2,610</b>	<b>2,317</b>
Transactions with owners, recognised directly in equity							
Dividends	-	-	-	-	-	(4,200)	(4,200)
<b>Balance at 30 June 2014</b>	<b>100,438</b>	<b>317,502</b>	<b>171</b>	<b>2,518</b>	<b>(991)</b>	<b>90,695</b>	<b>510,333</b>

**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
<b>The Company</b>					
Balance at 1 January 2013	100,438	123,108	683	23,809	248,038
Total comprehensive income for the period					
Profit for the period	-	-	-	1,515	1,515
Other comprehensive income for the period	-	-	93	-	93
Total	-	-	93	1,515	1,608
<b>Balance at 31 March 2013</b>	100,438	123,108	776	25,324	249,646
Total comprehensive income for the period					
Profit for the period	-	-	-	2,654	2,654
Other comprehensive income for the period	-	-	(126)	-	(126)
Total	-	-	(126)	2,654	2,528
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
<b>Balance at 30 June 2013</b>	100,438	123,108	650	23,778	247,974

**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
<b>The Company</b>					
Balance at 1 January 2014	100,438	206,108	656	26,236	333,438
Total comprehensive income for the period					
Profit for the period	-	-	-	1,729	1,729
Other comprehensive income for the period	-	-	(19)	-	(19)
Total	-	-	(19)	1,729	1,710
<b>Balance at 31 March 2014</b>	100,438	206,108	637	27,965	335,148
Total comprehensive income for the period					
Profit for the period	-	-	-	2,048	2,048
Other comprehensive income for the period	-	-	(69)	-	(69)
Total	-	-	(69)	2,048	1,979
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(4,200)	(4,200)
<b>Balance at 30 June 2014</b>	100,438	206,108	568	25,813	332,927

**1(d)(ii) SHARE CAPITAL**

	<u>30 June 2014</u>	<u>31 Dec 2013</u>	<u>30 June 2014</u>	<u>31 Dec 2013</u>
	<u>Number of ordinary shares</u>		<u>\$'000</u>	<u>\$'000</u>
	<u>'000</u>			
<b>Issued and paid-up capital:</b>				
Balance at beginning and end of period	<u>84,000</u>	<u>84,000</u>	<u>100,438</u>	<u>100,438</u>

There are no changes in the share capital since the end of the previous period reported on.

**1(d)(iii) TREASURY SHARES**

There are 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 2013.

**5 CHANGES IN ACCOUNTING POLICIES**

Not applicable.

**6 EARNINGS PER ORDINARY SHARE (EPS)**

	<u>Group</u>			
	<u>Second Quarter Ended 30 June</u>		<u>Half-Year Ended 30 June</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	3.11 cents	3.68 cents	6.15 cents	6.41 cents
- on a fully diluted basis	3.11 cents	3.68 cents	6.15 cents	6.41 cents

Basic earnings per share is calculated based on the Group's profit of S\$2.610 million and S\$5.170 million respectively (2013: S\$3.095 million and S\$5.386 million respectively) after income tax expense divided by 84 million (2013: 84 million) ordinary shares.

Diluted earnings per ordinary share is 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 2014</u>	<u>31 Dec 2013</u>	<u>30 June 2014</u>	<u>31 Dec 2013</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$6.08	S\$6.05	S\$3.96	S\$3.97

## 8 REVIEW OF GROUP PERFORMANCE

### Second quarter 2014 vs Second quarter 2013

The Group's revenue for the second quarter increased from S\$12.689 million in 2013 to S\$13.029 million in 2014.

The Group made a profit after income tax of S\$2.610 million in 2014 as compared to S\$3.095 million in 2013. Adjusting for the other income relating to the utility refund received of S\$0.774 million, there was an increase in adjusted profit after income tax for the second quarter 2014 of S\$0.289 million from S\$2.321 million to S\$2.610 million as follows:

	<u>2014</u> <u>S\$'000</u>	<u>2013</u> <u>S\$'000</u>	<u>+/-</u> <u>S\$'000</u>	<u>+/-</u> <u>%</u>
Profit after income tax	2,610	3,095	(485)	(15.7)
Adjusted for :				
Other income relating to utility refund received	-	(774)	774	(100.0)
Adjusted profit after income tax	<u>2,610</u>	<u>2,321</u>	<u>289</u>	<u>12.5</u>

The increase in adjusted profit after income tax for the second quarter 2014 as compared to 2013 was mainly due to higher rental income from Grand Complex in New Zealand.

### First half-year 2014 vs first half-year 2013

The Group's revenue for first half-year 2014 increased by 2.3% or S\$0.575 million from S\$25.141 million in 2013 to S\$25.716 million in 2014 mainly due to higher food and beverage sales and higher rental income from investment properties and other properties of subsidiaries in Singapore and New Zealand.

The Group made a profit after income tax of S\$5.170 million in 2014 as compared to S\$5.386 million in 2013. Adjusting for the other income relating to the utility refund received of S\$0.774 million, adjusted profit after income tax for the first half-year 2014 increased by S\$0.558 million from S\$4.612 million to S\$5.170 million as follows:

	<u>2014</u> <u>S\$'000</u>	<u>2013</u> <u>S\$'000</u>	<u>+/-</u> <u>S\$'000</u>	<u>+/-</u> <u>%</u>
Profit after income tax	5,170	5,386	(216)	(4.0)
Adjusted for:				
Other income relating to utility refund received	-	(774)	774	(100.0)
Adjusted profit after income tax	<u>5,170</u>	<u>4,612</u>	<u>558</u>	<u>12.1</u>

In the opinion of the Directors, no transaction has arisen between 30 June 2014 and the date of this report which would materially affect the results of the Group and the Company for the year just ended.

**9 VARIANCE FROM A FORECAST OR PROSPECT STATEMENT**

Not applicable.

**10 OUTLOOK**

In view of the current political uncertainty in Thailand and recent unfortunate Malaysia flights incidents, there is a slowdown in number of tourists arrivals, especially from China. The Group expects to meet more challenges in the year ahead, and will continue to progressively upgrade our hotel properties and closely monitor our room occupancy and room rates in order to have a greater market share.

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 Europe 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 performance of the NZD, USD, RM and THB against the SGD, the changes in the income from and the market value of our investment portfolio.

**11 DIVIDEND**

**(a) Current Financial Period Reported On**

No interim dividend is recommended for the current period ended 30 June 2014.

**(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.

**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 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 2014 to be false or misleading in any material aspect.



**14 SUBSEQUENT EVENT**

The Group had completed the proposed acquisition of Burasari Resort in Phuket, Thailand on 2 July 2014. The Burasari Resort will be managed by its current operator, Burasari Group Limited, for a fixed 2-year term from 2 July 2014.

**BY ORDER OF THE BOARD**

Sharon Yeoh  
Company Secretary

12 August 2014