



HOTEL ROYAL LIMITED

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

1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012

The Directors of Hotel Royal Limited (the “Company”) are pleased to announce the following unaudited results of the Group for the third quarter and nine months ended 30 September 2012.

1(a) CONSOLIDATED PROFIT AND LOSS STATEMENT for the third quarter and nine months ended 30 September

		<u>Group</u>					
		<u>Third Quarter Ended 30 Sep</u>			<u>Nine Months Ended 30 Sep</u>		
	<u>Notes</u>	<u>2012</u> <u>S\$'000</u>	<u>2011</u> <u>S\$'000</u>	<u>+ / (-)</u> <u>%</u>	<u>2012</u> <u>S\$'000</u>	<u>2011</u> <u>S\$'000</u>	<u>+ / (-)</u> <u>%</u>
Revenue	1	13,407	12,618	6.3	39,332	36,530	7.7
Cost of sales	2	(6,082)	(5,871)	3.6	(18,351)	(17,163)	6.9
Gross profit		7,325	6,747	8.6	20,981	19,367	8.3
Other income	3	559	15	3,626.7	952	239	298.3
Distribution costs		(53)	(130)	(59.2)	(257)	(378)	(32.0)
Administrative expenses	4	(2,335)	(2,395)	(2.5)	(8,039)	(6,829)	17.7
Other expenses	5	(18)	(850)	(97.9)	(123)	(1,201)	(89.8)
Finance cost	6	(744)	(599)	24.2	(2,375)	(1,713)	38.6
Profit before income tax	7	4,734	2,788	69.8	11,139	9,485	17.4
Income tax expense	8	(1,899)	(724)	162.3	(3,664)	(2,530)	44.8
Profit for the period attributable to owners of the Company		2,835	2,064	37.4	7,475	6,955	7.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the third quarter and nine months ended 30 September

	<u>Group</u>			
	<u>Third Quarter Ended 30 Sep</u>		<u>Nine Months Ended 30 Sep</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit for the period	2,835	2,064	7,475	6,955
Net fair value changes on available-for-sale financial assets	430	(1,096)	728	(1,469)
Exchange differences arising on consolidation	132	(612)	(402)	(577)
Other comprehensive income for the period	562	(1,708)	326	(2,046)
Total comprehensive income for the period attributable to owners of the Company	3,397	356	7,801	4,909

Notes

1. Revenue

Revenue comprises the following:

	<u>Group</u>					
	<u>Third Quarter Ended 30 Sep</u>			<u>Nine Months Ended 30 Sep</u>		
	<u>2012</u>	<u>2011</u>	<u>+ / (-)</u>	<u>2012</u>	<u>2011</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	8,265	7,905	4.6	24,585	23,132	6.3
Food and beverage revenue	2,029	1,967	3.2	5,945	5,370	10.7
Rental income from:						
Investment properties	1,787	1,632	9.5	4,906	4,691	4.6
Other properties	642	639	0.5	2,122	1,907	11.3
Car park revenue	324	305	6.2	989	907	9.0
Interest income from outside parties	96	54	77.8	136	96	41.7
Dividend income from:						
Quoted equity investments (gross)	111	24	362.5	213	168	26.8
Unquoted equity investments (gross)	-	18	(100.0)	-	28	(100.0)
Others	153	74	106.8	436	231	88.7
Total	13,407	12,618	6.3	39,332	36,530	7.7

Room revenue

Group's room revenue for third quarter and nine months ended 30 September 2012 increased by 4.6% and 6.3% respectively as compared to the corresponding periods in 2011, mainly due to upward adjustment of room rates of the Singapore hotels and additional contribution from Hotel Royal Bangkok @ Chinatown (formerly known as White Orchid Hotel) in Bangkok which was acquired in October 2011. The increase had been offset by lower contribution from the Malaysia hotels.

Food and beverage revenue

The increase in food and beverages revenue for third quarter and nine months ended 30 September 2012 as compared to the corresponding periods in 2011 were mainly due to additional contribution from the newly acquired Hotel Royal Bangkok @ Chinatown in Bangkok and higher breakfast sales contributed by the Company and Hotel Royal Penang.

Rental income from investment properties

Rental income from investment properties for third quarter and nine months ended 30 September 2012 increased by 9.5% and 4.6% respectively as compared to the corresponding periods in 2011, mainly due to additional contribution from The Royal Residences which commenced operation in April 2012.

Rental income from other properties

The increase in rental income from other properties for third quarter and nine months ended 30 September 2012 as compared to the corresponding periods in 2011 were mainly due to the additional contribution from the newly acquired Hotel Royal Bangkok @ Chinatown.

2. Cost of sales

The operation of Hotel Royal Bangkok @ Chinatown contributed to the higher cost of sales for third quarter and nine months ended 30 September 2012 as compared to the corresponding periods in 2011. However, Hotel Royal Bangkok @ Chinatown has closed for business in September 2012 for major upgrading works which is expected to be completed within a period of 10 to 12 months. The Hotel will be re-opening for business in 2013 as per announcement by the Company to the Singapore Exchange on 21 September 2012.

3. Other income

Other income comprises mainly of gain on disposal of available-for-sale investments, fair value gain on held-for-trading investments, credit adjustments received from SP Services for prior periods and foreign exchange gain.

The increase in other income for third quarter and nine months ended 30 September 2012 were mainly due to higher fair value gain on held-for-trading investments, gain on sale of available-for-sale investments and the credit adjustments received from SP Services for prior periods.

4. Administrative expenses

The increase in administrative expenses for nine months ended 30 September 2012 was mainly due to the inclusion of Hotel Royal Bangkok @ Chinatown in Bangkok. However, the decrease in third quarter 2012 was mainly due to lower salary expenses incurred by the Company as a result of the enhanced special employment credit from Ministry of Manpower to provide support for employers to hire older Singaporean workers aged above 50 and earning less than \$4,000 a month.

5. Other expenses

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

The decrease in other expenses for third quarter and nine months ended 30 September 2012 as compared to the corresponding period in 2011 were mainly due to lower allowance for doubtful debts, lower foreign exchange loss, lower impairment loss on available-for-sale investments and expenses relating to the proposed acquisition of Hotel Royal Bangkok @ Chinatown and its business in 2011, which was absent in 2012. The decrease in other expenses was also due to fair value loss adjustment on held-for-trading investments reported in 2011 in other expenses as opposed to fair value gain adjustment on held-for-trading investments reported in 2012 in other income.

6. Finance cost

The increase in finance cost for third quarter and nine months ended 30 September 2012 as compared to the corresponding periods in 2011 were mainly due to increase in the Group's borrowings to finance the acquisition of Hotel Royal Bangkok @ Chinatown and its business.

7. Profit before income tax

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

	Group					
	Third Quarter Ended 30 Sep			Nine Months Ended 30 Sep		
	<u>2012</u>	<u>2011</u>	<u>+ / (-)</u>	<u>2012</u>	<u>2011</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	1,119	1,031	8.5	3,281	3,057	7.3
Allowance for doubtful debts	24	3	700.0	63	239	(73.6)
Written-back of allowance for doubtful debts	-	(6)	n.m.	-	(56)	n.m.
Fair value (gain) loss on held-for-trading investments	(124)	401	n.m.	(284)	300	n.m.
Net foreign exchange adjustment (gain) loss	(93)	242	n.m.	(33)	456	n.m.
Gain on disposal of available-for-sale investments	(50)	(11)	354.5	(177)	(154)	14.9
Impairment loss on available-for-sale investments	1	53	(98.1)	1	53	(98.1)
Loss (gain) on disposal of property, plant and equipment	3	(7)	n.m.	16	(11)	n.m.
Expenses relating to acquisition of White Orchid Hotel and its business	-	151	n.m.	-	151	n.m.

Depreciation

The increase in depreciation expense was mainly due to Hotel Royal Bangkok @ Chinatown acquired by the Group in October 2011.

Allowance for doubtful debts

The decrease was mainly due to lower allowance of doubtful debts incurred by the Group's wholly-owned subsidiary in New Zealand.

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

The Group has an overall fair value gain on held-for-trading investments for third quarter and nine months ended 30 September 2012 due to strengthening of the stock markets in third quarter 2012.

Net foreign exchange adjustment (gain) loss

The strengthening of NZD against SGD resulted in foreign exchange gain from revaluation of intercompany loans in third quarter and nine months ended 30 September 2012.

Gain on disposal of available-for-sale investments

The Group made a disposal gain on available-for-sale investments for third quarter and nine months ended 30 September 2012.

8. Income tax expense

Income tax expense for third quarter and nine months ended 30 September 2012 increased mainly due to profit made by the subsidiary in New Zealand in the third quarter 2012 as compared to loss in the same period in 2011.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

		<u>The Group</u>		<u>The Company</u>	
		<u>30 Sep 12</u>	<u>31 Dec 11</u>	<u>30 Sep 12</u>	<u>31 Dec 11</u>
	<u>Notes</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>ASSETS</u>					
Current assets					
Cash and bank balances		21,777	19,436	3,431	4,376
Held-for-trading investments	9	6,621	5,157	1,292	491
Available-for-sale investments	10	4,130	3,190	752	450
Trade receivables		4,018	4,624	1,599	1,424
Other receivables	11	1,187	1,312	35	60
Inventories		492	351	247	61
Total current assets		38,225	34,246	7,356	6,862
Non-current assets					
Subsidiaries		-	-	89,464	84,182
Available-for-sale investments	10	4,089	3,687	1,616	1,424
Other receivables	11	710	176	-	-
Lease incentives		1,614	1,328	-	-
Goodwill		123	123	-	-
Property, plant and equipment		323,973	325,987	143,139	143,050
Investment properties		91,555	90,436	24,174	23,291
Total non-current assets		422,064	421,561	258,393	251,947
Total assets		460,289	455,807	265,749	258,809
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	12	24,366	20,540	15,750	12,250
Trade payables		3,782	3,596	2,692	2,537
Other payables		2,942	4,139	7,299	5,865
Hire purchase payables		9	8	-	-
Income tax payable		1,091	2,120	1,296	1,386
Total current liabilities		32,190	30,403	27,037	22,038
Non-current liabilities					
Retirement benefit obligations		712	719	-	-
Long-term bank loans		72,812	75,129	-	-
Deferred income tax		16,539	15,114	442	442
Hire purchase payables		17	24	-	-
Total non-current liabilities		90,080	90,986	442	442
Capital and reserves					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		158,977	158,977	115,908	115,908
Fair value reserve		2,399	1,671	610	284
Translation reserve	13	(1,808)	(1,406)	2	-
Retained earnings		78,013	74,738	21,312	19,699
Total equity		338,019	334,418	238,270	236,329
Total liabilities and equity		460,289	455,807	265,749	258,809

9. Held-for-trading investments

The increase was mainly due to higher fair value gains resulting from improved stock market conditions in third quarter 2012.

10. Available-for-sale investments

Available-for-sale investments comprises of current assets and non-current assets.

The increase in available-for-sale investments from funds reported in current assets and quoted equity shares reported in non-current assets was mainly due to increase in fair value arising from improved stock market conditions in third quarter 2012.

11. Other receivables

Other receivables comprises of current assets and non-current assets.

The decrease in other receivables reported in current assets was mainly due to refund of the unutilized severance fee reserve fund amounting to S\$0.273 million (THB 6.65 million) in 2011 held by an escrow agent in Thailand on March 2012. However, the increase in other receivables reported in non-current assets was mainly due to more prepayments made to MSA Global in 2012 for renovation works of Hotel Royal Bangkok @ Chinatown.

12. Bank loans

The Company continued to rollover its existing revolving short term bank facilities for less than one year duration as the interest rates were more favourable for short term financing. Such rollover of short-term bank facilities for less than one year duration contributed to the negative working capital of the Company as at 30 September 2012 and 31 December 2011. However, the Group has positive working capital as at 30 September 2012 and 31 December 2011.

13. Translation reserve

The movement in translation reserve from negative S\$1.406 million as at 31 December 2011 to negative S\$1.808 million as at 30 September 2012 was mainly due to the net effect of (a) loss on translating the net assets of Malaysian subsidiaries into SGD as RM has weakened against SGD in third quarter 2012; and (b) gain on translating the net assets of New Zealand subsidiary into SGD as NZD has strengthened against the SGD in third quarter 2012.

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 Sep 2012</u>		<u>As at 31 Dec 2011</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
24,366	-	20,540	-

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

<u>As at 30 Sep 2012</u>		<u>As at 31 Dec 2011</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
72,812	-	75,129	-

Details of collaterals

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

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS
for the third quarter and nine months ended 30 September

	Group			
	Third Quarter Ended 30		Nine Months Ended 30	
	Sep		Sep	
	2012	2011	2012	2011
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Profit before income tax	4,734	2,788	11,139	9,485
Adjustments for:				
Depreciation expense	1,119	1,031	3,281	3,057
Dividend income	(111)	(42)	(213)	(196)
Interest income	(96)	(54)	(136)	(96)
Interest expense	744	599	2,375	1,713
Gain on disposal of available-for-sale investments	(50)	(11)	(177)	(154)
Loss (Gain) on disposal of property, plant and equipment	3	(7)	16	(11)
Fair value (gain) loss on held-for-trading investments	(124)	401	(284)	300
Allowance for doubtful debts	24	3	63	239
Write-back of allowance for doubtful debts	-	(6)	-	(56)
Impairment loss on available-for sale investment	1	53	1	53
Operating cash flows before movements in working capital	6,244	4,755	16,065	14,334
Available-for-sale investments (current assets)	(985)	(1,107)	(2,932)	(1,262)
Held-for-trading investments	(1,164)	150	(1,180)	(443)
Trade receivables	(329)	(876)	543	(1,727)
Other receivables, deposits and prepaid expenses	208	163	(507)	(267)
Inventories	(180)	(22)	(141)	(37)
Trade and other payables	(16)	148	(825)	(158)
Cash generated from operations	3,778	3,211	11,023	10,440
Interest paid	(744)	(599)	(2,375)	(1,713)
Interest received	96	54	136	96
Dividend received	111	42	213	196
Income tax paid – net of refund	(1,688)	(825)	(3,664)	(1,592)
Net cash from operating activities	1,553	1,883	5,333	7,427
Investing activities:				
Purchase of available-for-sale investments (non-current assets)	-	-	-	(43)
Proceeds from disposal of property, plant & equipment	-	7	3	28
Proceeds from disposal of available-for-sale investments	1,313	37	2,493	359
Purchase of property, plant and equipment	(1,459)	(311)	(2,648)	(1,071)
Addition of investment properties	(61)	(3,319)	(1,184)	(7,756)
Deposit for proposed acquisition of subsidiary	-	-	-	(2,101)
Net cash used in investing activities	(207)	(3,586)	(1,336)	(10,584)

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**
for the third quarter and nine months ended 30 September *(Continued)*

	<u>Group</u>			
	<u>Third Quarter Ended 30</u>		<u>Nine Months Ended 30</u>	
	<u>Sep</u>		<u>Sep</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financing activities:				
Proceeds from bank loans	191	11,305	25,289	38,337
Repayment of bank loans	(158)	(14,255)	(22,725)	(40,311)
Repayment of finance lease	(2)	(2)	(6)	(6)
Dividends paid	-	-	(4,200)	(4,200)
Net cash from (used in) financing activities	<u>31</u>	<u>(2,952)</u>	<u>(1,642)</u>	<u>(6,180)</u>
Net increase (decrease) increase in cash and cash equivalents	1,377	(4,655)	2,355	(9,337)
Cash and cash equivalents at beginning of period	20,624	21,197	19,436	25,841
Effect of currency exchange adjustment	(224)	416	(14)	454
Cash and cash equivalents at end of period	<u>21,777</u>	<u>16,958</u>	<u>21,777</u>	<u>16,958</u>

Cash and cash equivalents consist of:

	<u>Group</u>	
	<u>30 Sep</u>	<u>30 Sep</u>
	<u>2012</u>	<u>2011</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	143	114
Cash at bank	18,022	9,831
Fixed deposits	3,612	7,013
Total	<u>21,777</u>	<u>16,958</u>

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

	<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>Translation reserve</u> <u>S\$'000</u>	<u>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Group						
Balance at 1 January 2011	100,438	132,077	3,025	(1,210)	73,048	307,378
Total comprehensive income for the period	-	-	(186)	(1,409)	2,510	915
Balance at 31 March 2011	100,438	132,077	2,839	(2,619)	75,558	308,293
Dividend	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(187)	1,444	2,381	3,638
Balance at 30 June 2011	100,438	132,077	2,652	(1,175)	73,739	307,731
Total comprehensive income for the period	-	-	(1,096)	(612)	2,064	356
Balance at 30 September 2011	100,438	132,077	1,556	(1,787)	75,803	308,087
Balance at 1 January 2012	100,438	158,977	1,671	(1,406)	74,738	334,418
Total comprehensive income for the period	-	-	871	1,198	2,403	4,472
Balance at 31 March 2012	100,438	158,977	2,542	(208)	77,141	338,890
Dividend	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(573)	(1,732)	2,237	(68)
Balance at 30 June 2012	100,438	158,977	1,969	(1,940)	75,178	334,622
Total comprehensive income for the period	-	-	430	132	2,835	3,397
Balance at 30 September 2012	100,438	158,977	2,399	(1,808)	78,013	338,019

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

	Share <u>capital</u> <u>S\$'000</u>	Asset revaluation <u>reserve</u> <u>S\$'000</u>	Fair value <u>reserve</u> <u>S\$'000</u>	Translation <u>reserve</u> <u>S\$'000</u>	Retained <u>earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Company						
Balance at 1 January 2011	100,438	96,008	658	-	17,050	214,154
Total comprehensive income for the period	-	-	(61)	-	1,642	1,581
Balance at 31 March 2011	100,438	96,008	597	-	18,692	215,735
Dividend	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(84)	1	1,634	1,551
Balance at 30 June 2011	100,438	96,008	513	1	16,126	213,086
Total comprehensive income for the period	-	-	(210)	-	1,518	1,308
Balance at 30 September 2011	100,438	96,008	303	1	17,644	214,394
Balance at 1 January 2012	100,438	115,908	284	-	19,699	236,329
Total comprehensive income for the period	-	-	229	-	1,491	1,720
Balance at 31 March 2012	100,438	115,908	513	-	21,190	238,049
Dividend	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(43)	2	1,417	1,376
Balance at 30 June 2012	100,438	115,908	470	2	18,407	235,225
Total comprehensive income for the period	-	-	140	-	2,905	3,045
Balance at 30 September 2012	100,438	115,908	610	2	21,312	238,270

1(d)(ii) SHARE CAPITAL

	<u>30 Sep 2012</u>	<u>31 Dec 2011</u>	<u>30 Sep 2012</u>	<u>31 Dec 2011</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	84,000	84,000	100,438	100,438
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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 2011.

5 CHANGES IN ACCOUNTING POLICIES

Not applicable.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>		<u>Group</u>	
	<u>Third Quarter Ended 30 Sep</u>		<u>Nine Months Ended 30 Sep</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
EPS (based on consolidated profit after income tax expense)				
- on weighted average number of shares	3.38 cents	2.46 cents	8.90 cents	8.28 cents
- on a fully diluted basis	3.38 cents	2.46 cents	8.90 cents	8.28 cents

Basic earnings per share for the third quarter and nine months ended 30 September 2012 are calculated on the Group profit after income tax expense of S\$2.835 million and S\$7.475 million respectively (2011: S\$2.064 million and S\$6.955 million respectively) divided by weighted average number of ordinary shares of 84,000,000 (2011: 84,000,000).

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 Sep 2012</u>	<u>31 Dec 2011</u>	<u>30 Sep 2012</u>	<u>31 Dec 2011</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$4.02	S\$3.98	S\$2.84	S\$2.81

The NAV per share as at 30 September 2012 and 31 December 2011 were calculated based on the number of shares in issue of 84 million ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Third quarter 2012 vs third quarter 2011

The Group's revenue for third quarter 2012 was S\$13.407 million as compared with S\$12.618 million for the corresponding quarter last year. The increase of 6.3% or S\$0.789 million was mainly due to upward adjustment of room rates of the Singapore hotels, improved rental income from investment properties, higher food and beverage sales, additional contribution from Hotel Royal Bangkok @ Chinatown in Bangkok and the additional income from Royal Residences.

Profit after income tax for the third quarter 2012 increased by 37.4% from S\$2.064 million to S\$2.835 million mainly due to lower operation costs incurred resulting from enhanced special employment credit from Ministry of Manpower, higher other operating income from foreign currency exchange gain and credit adjustments from SP Services for prior periods.

8 REVIEW OF GROUP PERFORMANCE *(Continued)*

Nine months ended 2012 vs nine months ended 2011

The Group's revenue for the nine months ended 30 September 2012 increased by 7.7% or S\$2.802 million due to higher average room rate, improved rental income from investment properties, additional contribution from Hotel Royal Bangkok @ Chinatown in Bangkok and additional income from Royal Residences.

Profit after income tax increased by about 7.5% from S\$6.955 million to S\$7.475 million. This was mainly due to lower operation costs incurred, which was offset by higher finance costs as compared to the corresponding period in 2011.

In the opinion of the Directors, no transaction has arisen between 30 September 2012 and the date of this report which would materially affect the results of the Group and the Company for the quarter just ended.

9 VARIANCE FROM A FORECAST OR PROSPECT STATEMENT

Not applicable.

10 OUTLOOK

Tourism sector growth prospect in the region may be affected by the ongoing uncertainties in the global economy as a result of the debt crisis in Europe and economic slowdown in China. We will continue to monitor our room occupancy and room rates for the Group's hotel segment so as to react proactively to the uncertain market conditions ahead.

The Group will continue to actively market its vacant premises in Grand Complex in New Zealand, so as to maximize rental income.

The current economic uncertainties in Europe and USA may 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 against the SGD, the changes in the market value of our investment trading portfolio and the investment income from our total investment portfolio.

11 DIVIDEND

(a) Current Financial Period Reported On

No interim dividend is recommended for the current period ended 30 September 2012.

(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 third quarter and nine months ended 30 September 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sharon Yeoh
Company Secretary

9 November 2012