



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 2012

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 2012.

1(a) CONSOLIDATED PROFIT AND LOSS STATEMENT 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>2012</u> | <u>2011</u> | <u>+ / (-)</u> | <u>2012</u> | <u>2011</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 | 1 | 13,209 | 12,277 | 7.6 | 52,541 | 48,807 | 7.7 |
| Cost of sales | 2 | (6,423) | (6,019) | 6.7 | (24,774) | (23,182) | 6.9 |
| Gross profit | | 6,786 | 6,258 | 8.4 | 27,767 | 25,625 | 8.4 |
| Other income | 3 | 3,475 | 8 | n.m. | 4,067 | 247 | n.m. |
| Distribution costs | 4 | (387) | (151) | 156.3 | (747) | (529) | 41.2 |
| Administrative expenses | 4 | (2,984) | (2,900) | 2.9 | (10,384) | (9,729) | 6.7 |
| Other expenses | 5 | (34) | (2,413) | 98.6 | (333) | (3,614) | (90.8) |
| Finance cost | 6 | (836) | (816) | 2.5 | (3,211) | (2,529) | 27.0 |
| Profit (Loss) before income tax | 7 | 6,020 | (14) | >100 | 17,159 | 9,471 | 81.2 |
| Income tax credit (expense) | 8 | 250 | (1,051) | (123.8) | (3,414) | (3,581) | (4.7) |
| Profit (Loss) for the year attributable to equity holders of the Company | | 6,270 | (1,065) | 688.7 | 13,745 | 5,890 | 133.4 |

n.m.: not meaningful

**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>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 (Loss) for the period | 6,270 | (1,065) | 13,745 | 5,890 |
| Net fair value changes on available-for sale financial assets | 134 | 115 | 862 | (1,354) |
| *Revaluation increase of freehold land-hotels | 39,200 | 26,900 | 39,200 | 26,900 |
| Exchange differences arising on consolidation | (433) | 381 | (835) | (196) |
| Other comprehensive income for the period | 38,901 | 27,396 | 39,227 | 25,350 |
| Total comprehensive income for the year attributable to owners of the Company | <u>45,171</u> | <u>26,331</u> | <u>52,972</u> | <u>31,240</u> |

* This pertains to surplus on revaluation in respect of freehold land for the Company amounting to S\$7.2 million (2011: S\$19.9 million) and S\$32 million (2011:S\$7 million) for Hotel Royal @ Queens based on full valuation done by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2012.

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>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 | 8,268 | 8,457 | (2.2) | 32,853 | 31,589 | 4.0 |
| Food and beverage revenue | 1,942 | 2,068 | (6.1) | 7,887 | 7,438 | 6.0 |
| Rental income from: | | | | | | |
| Investment properties | 1,915 | 570 | 236.0 | 6,821 | 5,261 | 29.7 |
| Other properties | 664 | 730 | (9.0) | 2,786 | 2,637 | 5.7 |
| Car park revenue | 302 | 332 | (9.0) | 1,291 | 1,239 | 4.2 |
| Interest income from outside parties | 45 | 36 | 25.0 | 181 | 132 | 37.1 |
| Dividend income from: | | | | | | |
| Quoted equity investments (gross) | 24 | 44 | (45.5) | 237 | 212 | 11.8 |
| Unquoted | 20 | - | 100.0 | 20 | 28 | (28.6) |
| Others | 29 | 40 | (27.5) | 465 | 271 | 71.6 |
| Total | 13,209 | 12,277 | 7.6 | 52,541 | 48,807 | 7.7 |

Room revenue

Group's room revenue for fourth quarter 2012 has dropped by 2.2% as compared to fourth quarter 2011 mainly due to lower contribution from Malaysia hotels and the temporary closure of Bangkok hotel in fourth quarter 2012 for renovation. However, total room revenue increased by 4% for year ended 31 December 2012 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.

Food and beverage revenue

Group's food and beverage revenue for fourth quarter 2012 decreased by 6.1% mainly due to lower contribution from Malaysia hotels and closure of Hotel Royal Bangkok @ China town in fourth quarter. However, total food and beverage sales for the year ended 31 December 2012 increased by 6% as compared to corresponding periods in 2011 mainly due to additional contribution from the newly acquired Hotel Royal Bangkok @ Chinatown and higher breakfast sales contributed by the Singapore hotels.

Rental income from investment properties

Rental income from investment properties for fourth quarter 2012 and year ended 31 December 2012 increased by 29.7% and 236.0% respectively as compared to the corresponding periods in 2011, mainly due to additional contribution from Royal Residences which commenced operation in April 2012 and higher rental income from the New Zealand subsidiary.

Rental income from other properties

The rental income from other properties for the fourth quarter 2012 decreased by 9% as compared to fourth quarter 2011 mainly due to lower rental income from one of the Singapore hotels and one of the Malaysia hotels. However, there was an increase of 5.7% for the year ended 31 December 2012 as compared to year 2011 mainly due to the additional contribution from the newly acquired Hotel Royal Bangkok @ Chinatown.

2. Cost of sales

The increase for fourth quarter 2012 was due mainly to higher operation costs from one of the Singapore hotels and the Grand Complex in New Zealand. The operation of Hotel Royal Bangkok @ Chinatown contributed to the higher cost of sales for fourth quarter and year ended 31 December 2012 as compared to the corresponding periods in 2011.

3. Other income

Other income comprises mainly of the reversal of past years' impairment loss on investment property in New Zealand of S\$2.9 million (NZ\$2.9 million), gain on disposal of available-for-sale investments, fair value gain on held-for-trading investments and foreign exchange gain.

The increase in other income for fourth quarter 2012 and year ended 31 December 2012 was mainly due to the reversal of past years' impairment loss on investment property in New Zealand of S\$2.9 million (NZ\$2.9 million), higher fair value gain on held-for-trading investments and gain on sale of available-for-sale investments.

4. Distribution costs and administrative expenses

The increase for fourth quarter and the year 2012 were due mainly to higher operation costs from the Singapore and Bangkok hotels.

5. Other expenses

Other expenses comprise mainly of allowance for doubtful debts and foreign exchange loss.

The decrease in other expenses for fourth quarter 2012 and year ended 31 December 2012 as compared to the corresponding period in 2011 was mainly due to lower allowance for doubtful debts and no significant impairment loss for available-for-sale investments, fair value gain on held-for-trading investments as opposed to fair value loss. In addition, there was no impairment for investment building in 2012 as compared to the prior period. There were also no major expenses relating to the acquisition of Hotel Royal Bangkok @ Chinatown and its business in 2012, which was present in 2011.

6. Finance cost

The increase in finance cost for fourth quarter 2012 and year ended 31 December 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 (loss) before income tax

Profit (loss) 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>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> |
| Expenses relating to acquisition of White Orchid Hotel and its business | - | 299 | (100.0) | - | 450 | (100.0) |
| Depreciation | 1,566 | 1,112 | 40.8 | 4,847 | 4,169 | 16.3 |
| Allowance for doubtful debts | 118 | 31 | 280.6 | 181 | 270 | (33.0) |
| Write-back of allowance for doubtful debts | - | - | - | - | (56) | (100.0) |
| Bad debts written off | - | 31 | (100.0) | - | 31 | (100.0) |
| Fair value (gain) loss on held-for-trading investments | (17) | (59) | (71.2) | (301) | 241 | n.m. |
| Net foreign exchange adjustment (gain) loss | (635) | (378) | 68.0 | (108) | 78 | n.m. |
| Gain on disposal of available-for-sale investments | (194) | (3) | n.m. | (371) | (157) | 136.3 |
| Impairment loss on available-for-sale investments | - | 28 | (100.0) | 1 | 81 | (98.8) |
| (Reversal of past years' impairment) | | | | | | |
| Impairment loss on investment property | (2,891) | 2,460 | n.m. | (2,891) | 2,460 | n.m. |
| (Gain) Loss on disposal of property, plant and equipment | (3) | (1) | n.m. | 13 | (12) | n.m. |

n.m.: not meaningful

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 for the year as compared to corresponding periods in 2011 was mainly due to lower allowance of doubtful debts incurred by the New Zealand subsidiary. However, the increase in fourth quarter was due mainly to the higher doubtful debt provision incurred by the Malaysia subsidiaries.

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

The Group has an overall fair value gain on held-for-trading investments for year ended 31 December 2012 due to strengthening of the various stock markets in 2012.

Net foreign exchange adjustment (gain) loss

The strengthening of NZD against SGD resulted in foreign exchange gain from revaluation of intercompany loans for fourth quarter and year 2012.

Gain on disposal of available-for-sale investments

The Group made a disposal gain on available-for-sale investments for fourth quarter and year ended 31 December 2012 due to stronger market conditions.

8. Income tax expense

The income tax credit in fourth quarter 2012 was due mainly to deferred tax asset recognised from a Malaysia subsidiary and Thailand subsidiary, lower withholding tax expense recognised by one of the Singapore subsidiaries on interest receivable from New Zealand subsidiary and offset by higher deferred tax expense recognised by New Zealand subsidiary after the reversal of past years' impairment loss on its investment property.

The decrease in income tax expense for the year was due mainly to tax credit recognised in fourth quarter 2012.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

| | | <u>The Group</u> | | <u>The Company</u> | |
|---------------------------------|---------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| | | <u>31 Dec 12</u> | <u>31 Dec 11</u> | <u>31 Dec 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 | 9 | 21,725 | 19,436 | 2,892 | 4,376 |
| Held-for-trading investments | 10 | 6,031 | 5,157 | 1,286 | 491 |
| Available-for-sale investments | 11 | 4,444 | 3,190 | 765 | 450 |
| Trade receivables | | 4,455 | 4,624 | 1,694 | 1,424 |
| Other receivables | 12 | 890 | 1,488 | 43 | 60 |
| Inventories | | 535 | 351 | 302 | 61 |
| Total current assets | | 38,080 | 34,246 | 6,982 | 6,862 |
| Non-current assets | | | | | |
| Subsidiaries | | - | - | 91,855 | 84,182 |
| Available-for-sale investments | 11 | 4,230 | 3,687 | 1,676 | 1,424 |
| Property, plant and equipment | 13 | 365,311 | 325,987 | 150,685 | 143,050 |
| Investment properties | 14 | 93,770 | 90,436 | 24,703 | 23,291 |
| Lease incentives | 15 | 1,649 | 1,328 | - | - |
| Goodwill | | 123 | 123 | - | - |
| Deferred tax asset | | 682 | - | - | - |
| Other receivables | 12 | 1,138 | - | - | - |
| Total non-current assets | | 466,902 | 421,561 | 268,919 | 251,947 |
| Total assets | | 504,982 | 455,807 | 275,901 | 258,809 |

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

| | | <u>The Group</u> | | <u>The Company</u> | |
|--------------------------------------|--------------|------------------|------------------|--------------------|------------------|
| | | <u>31 Dec 12</u> | <u>31 Dec 11</u> | <u>31 Dec 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>LIABILITIES AND EQUITY</u> | | | | | |
| Current liabilities | | | | | |
| Bank loans | 16 | 24,184 | 20,540 | 15,750 | 12,250 |
| Trade payables | | 3,559 | 3,596 | 2,041 | 2,537 |
| Other payables | | 4,150 | 4,139 | 8,290 | 5,865 |
| Hire purchase payables | | 8 | 8 | - | - |
| Income tax payable | | 2,563 | 2,120 | 1,399 | 1,386 |
| Total current liabilities | | <u>34,464</u> | <u>30,403</u> | <u>27,480</u> | <u>22,038</u> |
| Non-current liabilities | | | | | |
| Retirement benefit obligations | | 555 | 719 | - | - |
| Long-term bank loans | 16 | 71,530 | 75,129 | - | - |
| Deferred income tax | | 15,227 | 15,114 | 339 | 442 |
| Hire purchase payables | | 16 | 24 | - | - |
| Total non-current liabilities | | <u>87,328</u> | <u>90,986</u> | <u>339</u> | <u>442</u> |
| Capital and reserves | | | | | |
| Share capital | | 100,438 | 100,438 | 100,438 | 100,438 |
| Asset revaluation reserve | 17 | 198,177 | 158,977 | 123,108 | 115,908 |
| Fair value reserve | | 2,533 | 1,671 | 683 | 284 |
| Translation reserve | 18 | (2,241) | (1,406) | - | - |
| Retained earnings | | 84,283 | 74,738 | 23,853 | 19,699 |
| Total equity | | <u>383,190</u> | <u>334,418</u> | <u>248,082</u> | <u>236,329</u> |
| Total liabilities and equity | | <u>504,982</u> | <u>455,807</u> | <u>275,901</u> | <u>258,809</u> |

Notes

9. Cash and bank balances

The increase in cash and bank balances was mainly due to the higher rental income from the Royal Residences in Singapore and Grand Complex in New Zealand.

10. Held-for-trading investments

The increase was mainly due to higher fair value gains resulting from improved stock market conditions in fourth quarter 2012 and year ended 31 December 2012.

11. Available-for-sale investments

Available-for-sale investments comprise 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 fourth quarter 2012 and year ended 31 December 2012.

12. Other receivables

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

The other receivables reported in current assets consist of other debtors, deposits and prepayments. The decrease 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 in 2012 for renovation works of Hotel Royal Bangkok @ Chinatown.

13. Property, plant and equipment

The increase was mainly due to revaluation surplus of S\$7.2 million on the Company's freehold land and S\$32 million on Hotel Royal Queens's freehold land.

14. Investment properties

The increase was mainly due to capitalisation of remaining construction costs for the Royal Residences and reversal of S\$2.9 million of past years' impairment loss on investment property in New Zealand.

15. Lease incentives

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

16. 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 31 December 2012 and 31 December 2011. However, the Group has positive working capital as at 31 December 2012 and 31 December 2011.

17. Asset revaluation reserve

The increase was mainly due to surplus on revaluation on freehold land-hotels for the Company of S\$7.2 million and S\$32 million for Hotel Royal @ Queens based on full valuation done by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2012.

18. Translation reserve

The movement in translation reserve from negative S\$1.406 million as at 31 December 2011 to negative S\$2.241 million as at 31 December 2012 was mainly due to loss on translating the net assets of the Malaysian subsidiaries into SGD as the RM has weakened against the SGD as at 31 December 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 31 Dec 2012</u> | | <u>As at 31 Dec 2011</u> | |
|--------------------------|------------------|--------------------------|------------------|
| <u>Secured</u> | <u>Unsecured</u> | <u>Secured</u> | <u>Unsecured</u> |
| 24,184 | - | 20,540 | - |

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

| <u>As at 31 Dec 2012</u> | | <u>As at 31 Dec 2011</u> | |
|--------------------------|------------------|--------------------------|------------------|
| <u>Secured</u> | <u>Unsecured</u> | <u>Secured</u> | <u>Unsecured</u> |
| 71,530 | - | 75,129 | - |

Details of collaterals

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

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

| | <u>Group</u> | | | |
|--|------------------------------------|----------------------|------------------------------------|----------------------|
| | <u>Fourth Quarter Ended</u> | | <u>Financial Year Ended</u> | |
| | <u>31 Dec</u> | | <u>31 Dec</u> | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | <u>SS'000</u> | <u>SS'000</u> | <u>SS'000</u> | <u>SS'000</u> |
| Operating activities: | | | | |
| Profit (Loss) before income tax | 6,020 | (14) | 17,159 | 9,471 |
| Adjustments for: | | | | |
| Depreciation expense | 1,566 | 1,112 | 4,847 | 4,169 |
| Dividend income | (44) | (44) | (257) | (240) |
| Interest income | (45) | (36) | (181) | (132) |
| Interest expense | 836 | 816 | 3,211 | 2,529 |
| Gain on disposal of available-for-sale investments | (194) | (3) | (371) | (157) |
| Gain on disposal of property, plant and equipment | (3) | (1) | 13 | (12) |
| Fair value gain (loss) on held-for-trading investments | (17) | (59) | (301) | 241 |
| Allowance for doubtful debts | 118 | 31 | 181 | 270 |
| Bad debts written off | - | 31 | - | 31 |
| Write-back of allowance for doubtful debts | - | - | - | (56) |
| (Reversal of past years' impairment) Impairment loss on an investment property | (2,891) | 2,460 | (2,891) | 2,460 |
| Impairment loss on available-for sale investments | - | 28 | 1 | 81 |
| Operating cash flows before movements in working capital | 5,346 | 4,321 | 21,411 | 18,655 |
| Available-for-sale investments | 564 | (18) | (565) | (1,280) |
| Held-for-trading investments | (83) | 1 | (573) | (442) |
| Trade and other receivables | (909) | 1,823 | (873) | (2,272) |
| Inventories | (43) | (41) | (184) | (78) |
| Trade and other payables | 518 | 2,523 | (190) | 2,365 |
| Cash generated from operations | 5,393 | 8,609 | 19,026 | 16,948 |
| Interest paid | (836) | (816) | (3,211) | (2,529) |
| Interest received | 45 | 36 | 181 | 132 |
| Dividend received | 44 | 44 | 257 | 240 |
| Income tax refunded (paid) | 302 | (165) | (3,362) | (1,757) |
| Net cash from operating activities | 4,948 | 7,708 | 12,891 | 13,034 |
| Investing activities: | | | | |
| Purchase of available-for-sale investments (non-current assets) | - | (40) | - | (83) |
| Proceeds from disposal of property, plant & equipment | 145 | 2 | 148 | 30 |
| Proceed from disposal of available-for-sale investments | - | 17 | - | 376 |
| Purchase of property, plant and equipment | (2,293) | (2,311) | (4,941) | (3,382) |
| Additions to investment properties | (478) | (1,321) | (1,779) | (9,077) |
| Arising from acquisition of a business (Refer note 1) | - | (21,320) | - | (21,320) |
| Net cash used in investing activities | (2,626) | (24,973) | (6,572) | (33,456) |

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 31</u> | |
| | <u>31 Dec</u> | | <u>Dec</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 | 1,821 | 24,369 | 22,337 | 62,706 |
| Net proceeds from rights issue | - | - | - | - |
| Repayment of bank loans | (3,197) | (4,402) | (21,149) | (44,713) |
| Repayment of hire purchase | (2) | (3) | (8) | (9) |
| Dividends paid | - | - | (4,200) | (4,200) |
| Net cash (used in) from financing activities | <u>(1,378)</u> | <u>19,964</u> | <u>(3,020)</u> | <u>13,784</u> |
| Net increase (decrease) in cash and cash equivalents | 944 | 2,699 | 3,299 | (6,638) |
| Cash and cash equivalents at beginning of period | 21,777 | 16,958 | 19,436 | 25,841 |
| Effect of currency exchange adjustment | (996) | (221) | (1,010) | 233 |
| Cash and cash equivalents at end of period | <u>21,725</u> | <u>19,436</u> | <u>21,725</u> | <u>19,436</u> |

| | <u>Group</u> | |
|---------------------------------------|---------------------------|---------------------------|
| | <u>31 Dec 2012</u> | <u>31 Dec 2011</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 148 | 123 |
| Cash at bank | 17,857 | 12,028 |
| Fixed deposits | 3,720 | 7,285 |
| Total | <u>21,725</u> | <u>19,436</u> |

Note 1

Acquisition of White Orchid Hotel

On 6 October 2011, a wholly-owned subsidiary of the Group acquired White Orchid Hotel in Bangkok for a cash consideration of approximately S\$21.32 million (THB520 million). This transaction has been accounted for by the purchase method of accounting.

The net assets acquired in the transaction are as follows:

| | <u>Carrying amount</u> <u>S\$'000</u> | <u>Fair value adjustments</u> <u>S\$'000</u> | <u>Fair value</u> <u>S\$'000</u> |
|---|--|---|-------------------------------------|
| Net identifiable assets acquired: | | | |
| Land | 15,170 | - | 15,170 |
| Building | 6,150 | - | 6,150 |
| Defined benefit obligations | - | (175) | (175) |
| Deferred tax assets | - | 52 | 52 |
| | <hr/> | <hr/> | <hr/> |
| Total consideration | <u>21,320</u> | <u>(123)</u> | 21,197 |
| Goodwill arising from acquisition of business | | | <hr/> 123 |
| Total consideration, satisfied by cash | | | <hr/> 21,320 |

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

| | Share capital | Asset revaluation reserve | Fair value reserve | Translation reserve | Retained earnings | Total |
|--|------------------|---------------------------------|-----------------------|------------------------|----------------------|----------------|
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| The Group | | | | | | |
| Balance at 1 January 2011 | 100,438 | 132,077 | 3,025 | (1,210) | 73,048 | 307,378 |
| Dividend | - | - | - | - | (4,200) | (4,200) |
| Total comprehensive income for the period | | | (1,469) | (577) | 6,955 | 4,909 |
| Balance at 30 September 2011 | 100,438 | 132,077 | 1,556 | (1,787) | 75,803 | 308,087 |
| Total comprehensive income for the period | - | 26,900 | 115 | 381 | (1,065) | 26,331 |
| Balance at 31 December 2011 | 100,438 | 158,977 | 1,671 | (1,406) | 74,738 | 334,418 |
| Dividend | - | - | - | - | (4,200) | (4,200) |
| Total comprehensive income for the period | - | - | 728 | (402) | 7,475 | 7,801 |
| Balance at 30 September 2012 | 100,438 | 158,977 | 2,399 | (1,808) | 78,013 | 338,019 |
| Total comprehensive income for the period | - | 39,200 | 134 | (433) | 6,270 | 45,171 |
| Balance at 31 December 2012 | 100,438 | 198,177 | 2,533 | (2,241) | 84,283 | 383,190 |

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

| | <u>Share capital</u> | <u>Asset revaluation reserve</u> | <u>Fair value 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> |
| The Company | | | | | |
| Balance at 1 January 2011 | 100,438 | 96,008 | 658 | 17,050 | 214,154 |
| Dividend | - | - | - | (4,200) | (4,200) |
| Total comprehensive income for the period | - | - | (355) | 4,794 | 4,439 |
| Balance at 30 September 2011 | 100,438 | 96,008 | 303 | 17,644 | 214,393 |
| Total comprehensive income for the period | - | 19,900 | (19) | 2,055 | 21,936 |
| Balance at 31 December 2011 | 100,438 | 115,908 | 284 | 19,699 | 236,329 |
| Dividend | - | - | - | (4,200) | (4,200) |
| Total comprehensive income for the period | - | - | 326 | 5,815 | 6,141 |
| Balance at 30 September 2012 | 100,438 | 115,908 | 610 | 21,314 | 238,270 |
| Total comprehensive income for the period | - | 7,200 | 73 | 2,539 | 9,812 |
| Balance at 31 December 2012 | 100,438 | 123,108 | 683 | 23,853 | 248,082 |

1(d)(ii) SHARE CAPITAL

| | <u>The Group and the Company</u> | | | |
|--------------------------------------|----------------------------------|---------------|----------------|----------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>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 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 2011.

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 2011.

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 2012. 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 were 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 (LOSSES) PER ORDINARY SHARE (EPS)

| | <u>Group</u> | | | |
|--|------------------------------------|--------------|------------------------------------|-------------|
| | <u>Fourth Quarter Ended 31 Dec</u> | | <u>Financial Year Ended 31 Dec</u> | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Earnings (Losses) per share (based on consolidated profit (loss) after taxation) | | | | |
| - on weighted average number of shares | 7.46 cents | (1.27) cents | 16.36 cents | 7.01 cents |
| - on a fully diluted basis | 7.46 cents | (1.27) cents | 16.36 cents | 7.01 cents |

Basic earnings per share for the fourth quarter and year ended 31 December 2012 are calculated on the Group profit (loss) after taxation of S\$6.270 million and S\$13,745 million respectively (2011: (S\$1.065) million and S\$5.890 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>31 Dec 2012</u> | <u>31 Dec 2011</u> | <u>31 Dec 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\$4.56 | S\$3.98 | S\$2.95 | S\$2.81 |

The NAV per share as at 31 December 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

Fourth quarter 2012 vs Fourth quarter 2011

The Group's revenue for fourth quarter 2012 was S\$13.209 million as compared with S\$12.277 million for the corresponding quarter last year. The increase of 7.6% or S\$0.932 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 additional rental income from Royal Residences.

The Group made a profit after tax of S\$6.270 million as opposed to loss of S\$1.065 million in fourth quarter 2012 mainly due to the reversal of past year's impairment loss on investment property in New Zealand of S\$2.9 million (NZ\$2.9 million), the presence of income tax credit as a result of deferred tax credit from the Malaysia subsidiary and Thailand subsidiary and lower withholding tax expense recognised by one Singapore subsidiary on interest receivable from the New Zealand subsidiary offset by higher deferred tax expense recognised by New Zealand subsidiary.

Financial year ended 31 December 2012 vs Financial year ended 31 December 2011

The Group's revenue for the year ended 2012 increased by 7.7% or S\$3.734 million from S\$48.807 million in 2011 to S\$52.541 million in 2012 was mainly due to upward adjustment of room rates of the Singapore hotels, additional contribution from the Royal Residences which started operation in April 2012 and additional contribution from the newly acquired Hotel Royal Bangkok @ Chinatown in Bangkok in October 2011.

The Group's profit after income tax increased by 133.4% or S\$7.855 million from S\$5.890 million in 2011 to S\$13,745 million in 2012. This was due to better performance of the Singapore hotels and New Zealand subsidiary and the write back of impairment loss on investment property in New Zealand of S\$2.9 million (NZ\$2.9 million).

In the opinion of the Directors, no transaction has arisen between 31 December 2012 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

The Group is upgrading its hotel properties in Malaysia and Thailand so as to be more competitive. We will continue to be proactive to any changes in the operating environment by monitoring our room occupancy and room rates.

The Group will continue to upgrade the investment property in New Zealand so as to maximize rental income.

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

First and Final Dividend

The following dividend is proposed for the financial year ended 31 December 2012:

| | |
|------------------|---|
| 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 2011:

| | |
|------------------|---|
| 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>2012</u> | <u>2011</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> | <u>S\$'000</u> | <u>S\$'000</u> |
| Hotel operation | | | | | | |
| Singapore | 32,629 | 31,129 | - | - | 32,629 | 31,129 |
| Malaysia | 10,571 | 10,874 | - | - | 10,571 | 10,874 |
| Thailand | 1,105 | 462 | - | - | 1,105 | 462 |
| | 44,305 | 42,465 | - | - | 44,305 | 42,465 |
| Property investment | | | | | | |
| Singapore | 1,179 | 419 | 121 | 121 | 1,300 | 540 |
| New Zealand | 5,691 | 4,800 | - | - | 5,691 | 4,800 |
| Malaysia | 668 | 751 | - | - | 668 | 751 |
| Thailand | 260 | - | - | - | 260 | - |
| | 7,798 | 5,970 | 121 | 121 | 7,919 | 6,091 |
| Financial investment | 438 | 372 | 1,783 | 1,265 | 2,221 | 1,637 |
| Total | 52,541 | 48,807 | 1,904 | 1,386 | 54,445 | 50,193 |

II. Net profit

| | Net profit before one-off income and expenses | | One-off income and expenses (Note1) | | Total | |
|---------------------------------|---|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| | <u>2012</u> <u>S\$'000</u> | <u>2011</u> <u>S\$'000</u> | <u>2012</u> <u>S\$'000</u> | <u>2011</u> <u>S\$'000</u> | <u>2012</u> <u>S\$'000</u> | <u>2011</u> <u>S\$'000</u> |
| Hotel operation | | | | | | |
| Singapore | 12,955 | 12,041 | - | - | 12,955 | 12,041 |
| Malaysia | 1,192 | 1,815 | - | - | 1,192 | 1,815 |
| Thailand | (524) | 186 | - | (450) | (524) | (264) |
| | 13,623 | 14,042 | - | (450) | 13,623 | 13,592 |
| Property investment | | | | | | |
| Singapore | 733 | 29 | - | - | 733 | 29 |
| New Zealand | 4,458 | (1,613) | - | - | 4,458 | (1,613) |
| Malaysia | 601 | 274 | - | - | 601 | 274 |
| Thailand | 260 | - | - | - | 260 | - |
| | 6,052 | (1,310) | - | - | 6,052 | (1,310) |
| Financial investment | 695 | (282) | - | - | 695 | (282) |
| Total | 20,370 | 12,450 | - | (450) | 20,370 | 12,000 |
| Finance cost | | | | | (3,211) | (2,529) |
| Profit before income tax | | | | | 17,159 | 9,471 |
| Income tax expense | | | | | (3,414) | (3,581) |
| Profit after income tax | | | | | 13,745 | 5,890 |

III. Segment assets and liabilities

| | Segment assets | | Segment liabilities | |
|-----------------------------|----------------|----------------|---------------------|----------------|
| | <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> |
| Hotel operation | | | | |
| Singapore | 289,370 | 250,363 | 4,396 | 3,789 |
| Malaysia | 62,034 | 61,256 | 1,267 | 1,940 |
| Thailand | 24,248 | 23,009 | 644 | 864 |
| | 375,652 | 334,628 | 6,307 | 6,593 |
| Property investment | | | | |
| Singapore | 37,231 | 31,115 | 196 | 182 |
| New Zealand | 56,777 | 54,205 | 409 | 824 |
| Malaysia | 15,212 | 15,353 | 1,173 | 680 |
| | 109,220 | 100,673 | 1,778 | 1,686 |
| Financial investment | 16,390 | 13,221 | 179 | 175 |
| Total | 501,262 | 448,522 | 8,264 | 8,454 |
| Unallocated items | 3,720 | 7,285 | 113,528 | 112,935 |
| Consolidated total | 504,982 | 455,807 | 121,792 | 121,389 |

IV. Other segment information

| | Depreciation | | Impairment loss | | Additions to non-current assets | |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | <u>2012</u> <u>S\$'000</u> | <u>2011</u> <u>S\$'000</u> | <u>2012</u> <u>S\$'000</u> | <u>2011</u> <u>S\$'000</u> | <u>2012</u> <u>S\$'000</u> | <u>2011</u> <u>S\$'000</u> |
| Hotel operation | | | | | | |
| Singapore | 2,382 | 2,138 | - | - | 1,753 | 2,386 |
| Malaysia | 1,163 | 1,040 | - | - | 3,161 | 710 |
| Thailand | 127 | 33 | - | - | 27 | 21,606 |
| | 3,672 | 3,211 | - | - | 4,941 | 24,702 |
| Property investment | | | | | | |
| Singapore | 368 | 166 | - | - | 1,722 | 5,837 |
| New Zealand | 650 | 633 | - | 2,460 | 57 | 2,069 |
| Malaysia | 157 | 159 | - | - | - | 1,171 |
| | 1,175 | 958 | - | 2,460 | 1,779 | 9,077 |
| Financial investment | - | - | - | 81 | - | - |
| | 4,847 | 4,169 | - | 2,541 | 6,720 | 33,779 |

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 | |
|--------------|---------------------------------|------------------------------|------------------------------|------------------------------|
| | <u>2012</u> <u>\$'000</u> | <u>2011</u> <u>\$'000</u> | <u>2012</u> <u>\$'000</u> | <u>2011</u> <u>\$'000</u> |
| Singapore | 34,189 | 31,884 | 313,662 | 273,351 |
| Malaysia | 11,277 | 11,651 | 74,706 | 74,160 |
| New Zealand | 5,710 | 4,808 | 55,365 | 52,633 |
| Thailand | 1,365 | 464 | 23,169 | 21,417 |
| Total | 52,541 | 48,807 | 466,902 | 421,561 |

13 REVIEW OF SEGMENT PERFORMANCE

The revenue for Singapore hotel segment decreased by 4.8% from S\$31.129 million in 2011 to S\$32.629 million in 2012. This was mainly due to upward adjustment of room rates offset by lower room occupancy affected by renovation works. Revenue from the hotel segment in Malaysia decreased by 2.8% from S\$10.874 million in 2011 to S\$10.571 million in 2012 mainly due to lower room occupancy of Hotel royal Kuala Lumpur. Revenue from the hotel segment in Thailand increased by 139.2% due to higher contribution from Hotel Royal Bangkok @ Chinatown for almost whole year as compared to 3 months revenue in 2011.

The revenue from the Singapore property investment segment increased by S\$0.760 million from S\$0.540 million in 2011 to S\$1.300 million in 2012 mainly due to additional rental contribution from The Royal Residences. The properties segment result from New Zealand has a net profit of S\$4,458 million in 2012 as opposed to net loss of S\$1.613 in 2011 was due mainly to the reversal of past years' impairment loss on investment property in New Zealand of S\$2.9 million. The net profit resulted from Malaysia segment increased by S\$0.327 million from S\$0.274 million in 2011 to S\$0.601 million in 2012 due to higher rental revenue from Penang Plaza.

Net profit pertaining to financial investment for 2012 of S\$0.203 million in 2012 as opposed to loss of S\$0.282 million in year 2011 mainly due to the strengthening of various stock markets that the Group invested in.

14 BREAKDOWN OF SALES

| | <u>Group</u> | | |
|---|----------------|----------------|-----------------|
| | <u>2012</u> | <u>2011</u> | <u>Increase</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>%</u> |
| <u>Revenue reported for:</u> | | | |
| 1 st Quarter | 12,692 | 11,402 | 11.3 |
| 2 nd Quarter | 13,233 | 12,510 | 5.8 |
| 3 rd Quarter | 13,407 | 12,618 | 6.2 |
| 4 th Quarter | 13,209 | 12,277 | 7.6 |
| Total | <u>52,541</u> | <u>48,807</u> | <u>7.7</u> |
| <u>Profit (loss) for the year attributable to equity holders of the Company:</u> | | | |
| 1 st Quarter | 2,403 | 2,510 | (4.3) |
| 2 nd Quarter | 2,237 | 2,381 | (6.0) |
| 3 rd Quarter | 2,835 | 2,064 | 37.4 |
| 4 th Quarter | 6,270 | (1,065) | 688.7 |
| Total | <u>13,745</u> | <u>5,890</u> | <u>133.4</u> |

15 TOTAL ANNUAL DIVIDEND

| | <u>2012</u> <u>S\$'000</u> | <u>2011</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 general 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) | 59 | 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) | 54 | 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 | 67 | 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) | 60 | 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) | 33 | 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

Sharon Yeoh
Secretary

26 February 2013