



HOTEL ROYAL LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No. 196800298G)

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

The Directors of Hotel Royal Limited (the "Company") are pleased to announce the following unaudited results of the Group for the first quarter ended 31 March 2013.

1(a) CONSOLIDATED PROFIT AND LOSS STATEMENT for the first quarter ended 31 March

		<u>Group</u>		
	<u>Notes</u>	<u>2013</u> <u>S\$'000</u>	<u>2012</u> <u>S\$'000</u>	<u>+ / (-)</u> <u>%</u>
Revenue	1	12,452	12,692	(1.9)
Cost of sales	2	(6,197)	(6,274)	(1.2)
Gross profit		6,255	6,418	(2.5)
Other income	3	310	274	13.1
Distribution costs		(144)	(127)	13.4
Administrative expenses	4	(2,444)	(2,452)	(0.3)
Other expenses	5	(42)	(75)	(44.0)
Finance cost	6	(768)	(819)	(6.2)
Profit before income tax	7	3,167	3,219	(1.6)
Income tax expense	8	(876)	(816)	7.4
Profit for the period attributable to owners of the Company		2,291	2,403	(4.7)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the first quarter ended 31 March

	<u>Group</u>	
	<u>First Quarter Ended 31 March</u>	
	<u>2013</u>	<u>2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Profit for the period	<u>2,291</u>	<u>2,403</u>
Net fair value changes on available-for sale financial assets	301	871
Exchange differences arising on consolidation	1,833	1,198
Other comprehensive income for the period	<u>2,134</u>	<u>2,069</u>
Total comprehensive income for the period attributable to owners of the Company	<u>4,425</u>	<u>4,472</u>

Notes

1. Revenue

Revenue comprises the following:

	<u>Group</u>		
	<u>First Quarter Ended 31 March</u>		
	<u>2013</u>	<u>2012</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Room revenue	7,669	8,064	(4.9)
Food and beverage revenue	1,810	1,945	(6.9)
Rental income from:			
Investment properties	1,801	1,464	23.0
Other properties	606	750	(19.2)
Car park revenue	365	340	7.4
Interest income from outside parties	57	28	103.6
Dividend income from:			
Quoted equity investments (gross)	34	18	88.9
Others	110	83	32.5
Total	<u>12,452</u>	<u>12,692</u>	<u>(1.9)</u>

Room revenue

Group room revenue for the first quarter 2013 decreased by 4.9% as compared to the corresponding period in 2012. This was mainly due to temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works since September 2012 and decrease in average room rates and room occupancy from Singapore hotels due to keen competition with the increase in room inventory in Singapore.

Food and beverage revenue

The decrease in food and beverage revenue for the first quarter 2013 as compared to the corresponding period in 2012 was mainly due to the temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works and lower breakfast sales from a Singapore hotel and a Malaysia hotel.

Rental income from investment properties

The increase in rental income from investment properties for first quarter 2013 as compared to the corresponding period in 2012 was mainly due to rental contribution from the Royal Residences which commenced operation in April 2012 and higher rental contribution from the New Zealand subsidiary.

Rental income from other properties

The decrease in rental income from other properties for first quarter 2013 as compared to the corresponding period in 2012 was mainly due to the temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works and non-renewal of some tenancies in one of the Singapore hotels.

2. Cost of sales

The temporary closure of Hotel Royal Bangkok @ Chinatown contributed to the lower cost of sales for first quarter 2013 as compared to the corresponding period in 2012.

3. Other income

Other income comprises mainly 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 first quarter 2013 as compared to the corresponding period in 2012 was mainly due to higher gain on disposal of available-for-sale investment and the presence of foreign exchange gain offset by lower fair value gain on held-for-trading investments.

4. Administrative expenses

The decrease in administrative expenses for first quarter 2013 as compared to the corresponding period in 2012 was mainly due to lower overhead expenses from Hotel Royal Bangkok @ Chinatown as a result of temporary closure for major upgrading works.

5. Other expenses

Other expenses comprise mainly allowance for doubtful debts, exchange loss and loss on disposal of property, plant and equipment.

The decrease in other expenses for first quarter 2013 as compared to the corresponding period in 2012 was mainly due to absence of foreign exchange loss and loss on disposal of property, plant and equipment, which was present in 2012, offset by higher allowance for doubtful debts.

6. Finance cost

The decrease in finance cost for first quarter 2013 as compared to the corresponding period in 2012 was mainly due to repayments made to group's borrowings and lower interest rates.

7. Profit before income tax

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

	<u>Group</u>		
	<u>First Quarter Ended 31 March</u>		
	<u>2013</u>	<u>2012</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	1,297	1,092	18.8
Allowance for doubtful debts	42	23	82.6
Fair value gain on held-for-trading investments	(61)	(262)	(76.7)
Net foreign exchange (gain) loss	(86)	38	n.m
Gain on disposal of available-for-sale investments	(117)	(2)	5,750.0
Loss on disposal of property, plant and equipment	-	13	(100.0)

n.m.: not meaningful

Depreciation

The increase in depreciation expense was mainly due to additional renovation costs in Hotel Royal (Newton) and Hotel Royal Kuala Lumpur.

Fair value gain on held-for-trading investments

The Group made a lower fair value gain on held-for-trading investments in first quarter 2013 mainly due to lower disposal of held-for-trading investments as compared to the same period last year.

Net foreign exchange adjustment (gain) loss

The strengthening of USD against SGD resulted in foreign exchange gain from investments in first quarter 2013.

Gain on disposal of available-for-sale investments

The Group made a higher disposal gain on available-for-sale investments for first quarter 2013 due to the strengthening of the stock markets that the Group had invested in.

8. Income tax expense

Income tax expense increased mainly to higher tax provision arising from higher rental income from the investment properties of the New Zealand subsidiary.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

		<u>The Group</u>		<u>The Company</u>	
		<u>31 Mar 13</u>	<u>31 Dec 12</u>	<u>31 Mar 13</u>	<u>31 Dec 12</u>
	<u>Notes</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>	<u>SS'000</u>
<u>ASSETS</u>					
Current assets					
Cash and bank balances		21,255	21,725	3,110	2,892
Held-for-trading investments	9	5,774	6,031	1,301	1,286
Available-for-sale investments	10	5,778	4,444	836	765
Trade receivables	11	4,009	4,455	1,586	1,694
Other receivables	12	1,743	890	65	43
Inventories		533	535	296	302
Total current assets		39,092	38,080	7,194	6,982
Non-current assets					
Subsidiaries		-	-	93,524	91,811
Available-for-sale investments	10	4,452	4,230	1,701	1,676
Other receivables	12	1,773	1,138	-	-
Property, plant and equipment		366,582	365,311	150,710	150,685
Investment properties		95,463	93,770	24,703	24,703
Lease incentives	13	2,023	1,649	-	-
Goodwill		123	123	-	-
Deferred tax assets		784	681	-	-
Total non-current assets		471,200	466,902	270,638	268,875
Total assets		510,292	504,982	277,832	275,857
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans	14	23,504	24,184	15,750	15,750
Trade payables		3,396	3,559	2,270	2,041
Other payables	15	4,542	4,150	8,073	8,290
Hire purchase payables		8	8	-	-
Income tax payable		3,481	2,563	1,754	1,399
Total current liabilities		34,931	34,464	27,847	27,480
Non-current liabilities					
Retirement benefit obligations		555	555	-	-
Long-term bank loans	14	71,577	71,530	-	-
Deferred income tax		15,599	15,227	339	339
Hire purchase payables		15	16	-	-
Total non-current liabilities		87,746	87,328	339	339
Capital and reserves					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve		198,177	198,177	123,108	123,108
Fair value reserve		2,834	2,533	776	683
Translation reserve	16	(408)	(2,241)	-	-
Retained earnings		86,574	84,283	25,324	23,809
Total equity		387,615	383,190	249,646	248,038
Total liabilities and equity		510,292	504,982	277,832	275,857

Notes

9. Held-for-trading investments

The decrease in held-for-trading investments was mainly due to lower investment in held-for-trading financial instruments in first quarter 2013 as compared to same period in 2012.

10. Available-for-sale investments

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

The increase in available-for-sale investments reported in both current assets and non-current assets was mainly due to additional investments in first quarter 2013 as compared to 2012.

11. Trade receivables

The decrease was mainly due to prompt collection from trade debtors

12. Other receivables

Other receivables comprise of current and non-current assets.

The other receivables reported in current assets consist of other debtors, deposits and prepayments. The increase was mainly due to higher prepayments made for insurance expenses and property taxes.

The other receivables reported in non-current asset increased mainly due to more prepayments made in first quarter 2013 for renovation works of Hotel Royal Bangkok @ Chinatown.

13. Lease incentives

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. The increase was mainly due to addition of one new major tenant in first quarter 2013.

14. 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 mainly due to loan repayments made in first quarter 2013. However, the increase in the Group's long-term bank loans was mainly due to depreciation of Singapore Dollar against Thai Baht for the bank loan denominated in Thai Baht.

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 March 2013 and 31 December 2012. However, the Group has positive working capital as at 31 March 2013 and 31 December 2012.

15. Other payables

The increase in other payables arose from accrued expenses for renovation and construction works in Hotel Royal Bangkok @ Chinatown.

16. Translation reserve

The movement in translation reserve from negative S\$2.241 million as at 31 December 2012 to negative S\$0.408 million as at 31 March 2013 was due mainly to gain on translating the net assets of the New Zealand subsidiary into SGD as the NZD had strengthened against the SGD as at 31 March 2013.

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 Mar 2013</u>		<u>As at 31 Dec 2012</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
23,504	-	24,184	-

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

<u>As at 31 Mar 2013</u>		<u>As at 31 Dec 2012</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
71,577	-	71,530	-

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 first quarter ended 31 March

	Group	
	<u>2013</u>	<u>2012</u>
	<u>SS'000</u>	<u>SS'000</u>
Operating activities:		
Profit before income tax	3,167	3,219
Adjustments for:		
Depreciation expense	1,297	1,092
Dividend income	(34)	(18)
Interest income	(57)	(28)
Interest expense	768	819
Gain on disposal of available-for-sale investments	(117)	(2)
Loss on disposal of property, plant and equipment	-	13
Fair value gain on held-for-trading investments	(61)	(262)
Allowance for doubtful debts	42	23
	<hr/>	<hr/>
Operating cash flows before movements in working capital	5,005	4,856
Available-for-sale investments	(1,138)	(518)
Held-for-trading investments	317	(595)
Trade receivables	446	145
Other receivables, deposits and prepaid expenses	(2,007)	(847)
Inventories	2	(3)
Trade and other payables	230	(182)
	<hr/>	<hr/>
Cash generated from operations	2,855	2,856
Interest paid	(768)	(819)
Interest received	57	28
Dividend received	34	18
Income tax paid – net of refund	(759)	(1,290)
	<hr/>	<hr/>
Net cash from operating activities	1,419	793
Investing activities:		
Purchase of property, plant and equipment	(2,048)	(310)
Additions to investment properties	(44)	(389)
Proceeds from disposal of property, plant and equipment	-	2
Proceeds from disposal of available-for-sale investments	-	531
	<hr/>	<hr/>
Net cash used in investing activities	(2,092)	(166)

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS
for the first quarter ended 31 March (Continued)

	Group	
	<u>2013</u>	<u>2012</u>
	<u>SS'000</u>	<u>SS'000</u>
Financing activities:		
Proceeds from bank loans	-	19,280
Repayment of bank loans	(1,702)	(19,385)
Repayment of finance lease	(1)	(2)
	<hr/>	<hr/>
Net cash used in financing activities	(1,703)	(107)
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(2,376)	520
Cash and cash equivalents at beginning of period	21,725	19,436
Effect of currency exchange adjustment	1,906	36
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>21,255</u>	<u>19,992</u>

	As at 31 March	
	<u>2013</u>	<u>2012</u>
	<u>SS'000</u>	<u>SS'000</u>
Cash and cash equivalents consist of:		
Cash on hand	261	153
Cash at bank	17,448	16,040
Fixed deposits	3,546	3,799
	<hr/>	<hr/>
Total	<u>21,255</u>	<u>19,992</u>

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

	Share capital <u>S\$'000</u>	Asset revaluation reserve <u>S\$'000</u>	Fair value reserve <u>S\$'000</u>	Translation reserve <u>S\$'000</u>	Retained earnings <u>S\$'000</u>	Total <u>S\$'000</u>
The Group						
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
Balance at 1 January 2013	100,438	198,177	2,533	(2,241)	84,283	383,190
Total comprehensive income for the period	-	-	301	1,833	2,291	4,425
Balance at 31 March 2013	100,438	198,177	2,834	(408)	86,574	387,615

	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</u>
The Company					
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
Balance at 1 January 2013	100,438	123,108	683	23,809	248,038
Total comprehensive income for the period	-	-	93	1,515	1,608
Balance at 31 March 2013	100,438	123,108	776	25,324	249,646

1(d)(ii) SHARE CAPITAL

	<u>31 Mar 2013</u>	<u>31 Dec 2012</u>	<u>31 Mar 2013</u>	<u>31 Dec 2012</u>
	<u>Number of ordinary shares</u>		<u>S'000</u>	<u>S'000</u>
	<u>'000</u>			
Issued and paid-up capital:				
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 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 2012.

5 CHANGES IN ACCOUNTING POLICIES

Not applicable.

6 EARNINGS PER ORDINARY SHARE (EPS)

	<u>Group</u>	
	<u>First Quarter Ended 31 March</u>	
	<u>2013</u>	<u>2012</u>
EPS (based on consolidated profit after income tax expense)		
- on weighted average number of shares	2.73 cents	2.86 cents
- on a fully diluted basis	2.73 cents	2.86 cents

Basic earnings per share is calculated on the Group profit after income tax expense of S\$2.291 million (2012: S\$2.403 million) divided by weighted average number of ordinary shares of 84,000,000 (2012: 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 Mar 2013</u>	<u>31 Dec 2012</u>	<u>31 Mar 2013</u>	<u>31 Dec 2012</u>
NAV per share based on issued number of shares as at the end of the respective period	S\$4.61	S\$4.56	S\$2.97	S\$2.95

The NAV per share as at 31 March 2013 and 31 December 2012 were calculated based on the number of shares in issue of 84 million ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

The Group's revenue for the first quarter 2013 decreased by about 1.9% to S\$12.452 million from S\$12.692 million in first quarter 2012 due mainly to the temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works and the slight decrease in room rates and room occupancy in Singapore hotels due to severe competition from more room inventory coming on-stream.

Group profit after income tax expense for the first quarter 2013 decreased by 4.7% to S\$2.291 million from S\$2.403 million in first quarter 2012 due mainly to higher income tax expense and lower room revenue and food and beverage sales by the Singapore hotels due to keen competition as a result of increase room inventory, offset by better performance from Malaysia hotels.

In the opinion of the Directors, no transaction has arisen between 31 March 2013 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

The Group is upgrading its hotel properties in Kuala Lumpur, 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

No interim dividend is recommended for the current first quarter ended 31 March 2013.

(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 first quarter ended 31 March 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sharon Yeoh
Secretary

10 May 2013