



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 2013

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 2013.

1(a) GROUP 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>2013</u>	<u>2012</u>	<u>+ / (-)</u>	<u>2013</u>	<u>2012</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	12,606	13,209	(4.6)	51,208	52,541	(2.5)
Cost of sales	2	(6,872)	(6,423)	7.0	(25,207)	(24,774)	1.7
Gross profit		5,734	6,786	(15.5)	26,001	27,767	(6.4)
Other income	3	1,532	3,475	(55.9)	2,956	4,067	(27.3)
Distribution costs	4	(255)	(387)	(34.1)	(714)	(747)	(4.4)
Administrative expenses	4	(1,966)	(2,984)	(34.1)	(9,841)	(10,384)	(5.2)
Other expenses	5	(1,860)	(34)	n.m.	(2,069)	(333)	n.m.
Finance cost	6	(738)	(836)	(11.8)	(3,003)	(3,211)	(6.5)
Profit before income tax	7	2,447	6,020	(59.3)	13,330	17,159	(22.3)
Income tax (expense) credit	8	(1,598)	250	n.m.	(3,688)	(3,414)	8.0
Profit for the year attributable to owners of the Company		849	6,270	(86.5)	9,642	13,745	(29.9)

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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Profit for the period	849	6,270	9,642	13,745
<i>Items that will not be reclassified subsequently to profit or loss</i>				
*Revaluation increase of freehold land-hotels	119,325	39,200	119,325	39,200
Remeasurement of defined benefit obligation	171	-	171	-
	<u>119,496</u>	<u>39,200</u>	<u>119,496</u>	<u>39,200</u>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net fair value changes on available-for sale financial assets	188	134	227	862
Exchange differences arising on consolidation	(493)	(433)	(480)	(835)
	<u>(305)</u>	<u>(299)</u>	<u>(253)</u>	<u>27</u>
Other comprehensive income for the period	119,191	38,901	119,243	39,227
Total comprehensive income for the year attributable to owners of the Company	<u>120,040</u>	<u>45,171</u>	<u>128,885</u>	<u>52,972</u>

* The revaluation increase of freehold land-hotels as at 31 December 2013 comprise the following:

	<u>Group</u>			
	<u>Fourth Quarter Ended 31 Dec</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel Royal Company (1)	83,000	7,200	83,000	7,200
Hotel Royal @ Queens (1)	26,000	32,000	26,000	32,000
Faber Kompleks (2)	7,631	-	7,631	-
Premium Lodge (3)	2,694	-	2,694	-
Total	<u>119,325</u>	<u>39,200</u>	<u>119,325</u>	<u>39,200</u>

- (1) Desktop valuation done for Hotel Royal Newton and Hotel Royal @ Queens by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.
- (2) Full valuation done for Hotel Royal Penang by BHL Property Consultants.
- (3) Full valuation done for Hotel Royal Kuala Lumpur by Henry Butcher Malaysia Sdn Bhd.

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>2013</u>	<u>2012</u>	<u>+ / (-)</u>	<u>2013</u>	<u>2012</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	7,870	8,268	(4.8)	31,720	32,853	(3.4)
Food and beverage revenue	1,860	1,942	(4.2)	7,503	7,887	(4.9)
Rental income from:						
Investment properties	1,701	1,915	(11.2)	7,195	6,821	5.5
Other properties	675	664	1.7	2,680	2,786	(3.8)
Car park revenue	305	302	1.0	1,204	1,291	(6.7)
Interest income from outside	72	45	60.0	203	181	12.2
Dividend income from:						
Quoted equity investments (gross)	65	24	n.m.	364	237	53.6
Unquoted	-	20	n.m.	-	20	n.m.
Others	58	29	n.m.	339	465	(27.1)
Total	12,606	13,209	(4.6)	51,208	52,541	(2.5)

Room revenue

Group room revenue for fourth quarter and year ended 31 December 2013 decreased by 4.8% and 3.4% respectively as compared to the corresponding periods in 2012 mainly due to the temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works since September 2012 and lesser contribution from the Singapore hotels as a result of decrease in average room rates and room occupancy due to keen competition and increased room inventory in Singapore. The decrease was offset by better performance by the Malaysia hotels.

Food and beverage revenue

The decrease in food and beverages revenue for fourth quarter and financial year ended 31 December 2013 as compared to the corresponding periods in 2012 was mainly due to the temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works and lower breakfast sales from Singapore hotels. The decrease was offset by higher breakfast sales and higher banquet sales from Malaysia hotels.

Rental income from investment properties

Rental income from investment properties for fourth quarter 2013 decreased by 11.2% as compared to the corresponding quarter in 2012 mainly due to less rental income contribution from the Company's investment properties. However, there is an increase of 5.5% for financial year ended 31 December 2013 as compared to 2012 mainly due to higher rental income of the New Zealand subsidiary.

Rental income from other properties

The increase in rental income from other properties for fourth quarter 2013 as compared to corresponding quarter in 2012 was mainly due to higher rental income from Malaysia hotels and a Singapore hotel. However, there was a decrease of 3.8% for financial year ended 31 December 2013 as compared to corresponding period in 2012 due to non-renewal of some tenancies in another Singapore hotel.

2. Cost of sales

The increase in cost of sales for fourth quarter and financial year ended 31 December 2013 as compared to corresponding periods in 2012 was mainly due to higher depreciation on additional building improvements by Malaysia hotels and a Singapore hotel.

3. Other income

Other income comprises mainly gain on disposal of available-for-sale investments and fair value gain on held for trading investments.

Other income decreased by 55.9% for fourth quarter and 27.3% for financial year ended 31 December 2013 as compared to corresponding periods in 2012 mainly due to lower write back of impairment loss on investment property, lower gain on disposal of available-for-sale investments and lower fair value gain on held-for-trading investments.

4. Distribution costs and administrative expenses

The decrease in distribution costs for fourth quarter and financial year ended 31 December 2013 as compared to corresponding periods in 2012 was mainly due to lower sales and marketing expenses of subsidiaries in Malaysia and Thailand. The decrease was offset by higher sales and marketing expenses of Singapore hotels.

The decrease in administration expenses for fourth quarter and financial year ended 2013 as compared to corresponding periods in 2012 were mainly due to the temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works.

5. Other expenses

Other expenses comprise mainly foreign exchange loss, allowance for doubtful debts and allowance for diminution in value of unquoted investment.

The increase in other expenses for fourth quarter and financial year ended 31 December 2013 as compared to the corresponding periods in 2012 was mainly due to higher foreign exchange loss, higher allowance for diminution in value of unquoted investment and higher allowance for doubtful receivables.

6. Finance cost

The decrease in finance costs for fourth quarter and financial year ended 31 December 2013 as compared to the corresponding periods in 2012 was mainly due to some repayments of the Group's borrowings.

7. Profit before income tax

Profit 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>2013</u>	<u>2012</u>	<u>+ / (-)</u>	<u>2013</u>	<u>2012</u>	<u>+ / (-)</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Depreciation	1,435	1,566	(8.4)	5,369	4,899	9.6
Allowance for doubtful receivables	508	118	n.m.	578	181	n.m.
Fair value gain on held-for-trading investments	(40)	(17)	n.m.	(102)	(301)	(66.1)
Net foreign exchange adjustment loss (gain)	536	(635)	n.m.	367	(108)	n.m.
Gain on disposal of available-for-sale investments	(11)	(194)	(94.3)	(229)	(371)	(38.3)
Impairment loss on available-for-sale investments	-	-	n.m.	55	1	n.m.
Loss on disposal of property, plant and equipment	-	(3)	n.m.	-	13	n.m.
Write back of past years' impairment loss on investment property	(684)	(2,891)	(76.3)	(684)	(2,891)	(76.3)
Allowance for diminution in value of unquoted investment	270	-	100.0	270	-	100.0
Allowance for doubtful receivables no longer required	(114)	-	100.0	(114)	-	100.0

n.m.: not meaningful

Depreciation

The increase in depreciation for financial year ended 31 December 2013 as compared to corresponding period in 2012 was mainly due to additional renovation costs incurred in Hotel Royal (Newton) and Hotel Royal Kuala Lumpur.

Allowance for doubtful receivables

The increase for fourth quarter and financial year as compared to corresponding periods in 2012 was mainly due to higher allowance of doubtful receivables of the Thailand subsidiary.

Fair value gain on held-for-trading investments

The lower fair value gain from held for trading investments for financial year ended 31 December 2013 as compared to corresponding period in 2012 was due to weaker stock market conditions offset by better stock performance in fourth quarter 2013.

Net foreign exchange adjustment loss (gain)

The exchange loss arose from weakening of RM and THB respectively against SGD for revaluation of intercompany loans denominated in RM and THB offset by strengthening of NZD against SGD for fourth quarter and financial year ended 31 December 2013.

Gain on disposal of available-for-sale investments

The Group made lower disposal gain on available-for-sale investments for fourth quarter and financial year ended 31 December 2013 as compared to corresponding periods in 2012 mainly due to less disposal of investments.

8. Income tax expense

The increase in income tax expense for financial year ended 31 December 2013 as compared to corresponding period in 2012 was mainly due to the recognition of deferred tax expenses by subsidiaries companies in the fourth quarter. However, it was offset by lower income tax expense due to decrease in sales.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

		<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 13</u>	<u>31 Dec 12</u>	<u>31 Dec 13</u>	<u>31 Dec 12</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	20,100	21,725	3,061	2,892
Held-for-trading investments	10	5,144	6,031	534	1,286
Available-for-sale investments	11	7,940	4,444	2,028	765
Trade receivables	12	4,158	4,455	1,239	1,694
Other receivables	13	1,636	890	683	43
Inventories		494	535	258	302
Lease incentive - current	16	342	222	-	-
Total current assets		39,814	38,302	7,803	6,982
Non-current assets					
Subsidiaries		-	-	97,912	91,811
Available-for-sale investments	11	4,024	4,230	1,348	1,676
Other receivables	13	2,308	1,138	-	-
Lease incentives	16	1,443	1,427	-	-
Goodwill		123	123	-	-
Deferred tax assets	17	53	681	-	-
Property, plant and equipment	14	485,494	365,311	236,336	150,685
Investment properties	15	96,687	93,770	24,529	24,703
Total non-current assets		590,132	466,680	360,125	268,875
Total assets		629,946	504,982	367,928	275,857
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Bank loans and overdraft (current)	18	26,678	24,184	18,750	15,750
Trade payables		5,519	3,559	3,220	2,041
Other payables	19	2,949	4,150	10,737	8,290
Finance lease (current)		12	8	-	-
Income tax payable		2,812	2,563	1,351	1,399
Retirement benefit obligations (current)		37	24	-	-
Total current liabilities		38,007	34,488	34,058	27,480

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

	<u>Notes</u>	<u>The Group</u>		<u>The Company</u>	
		<u>31 Dec 13</u>	<u>31 Dec 12</u>	<u>31 Dec 13</u>	<u>31 Dec 12</u>
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Non-current liabilities					
Retirement benefit obligations		326	531	-	-
Long-term bank loans	18	67,206	71,530	-	-
Deferred income tax		16,518	15,227	432	339
Hire purchase payables		14	16	-	-
Total non-current liabilities		<u>84,064</u>	<u>87,304</u>	<u>432</u>	<u>339</u>
Capital and reserves					
Share capital		100,438	100,438	100,438	100,438
Asset revaluation reserve	20	317,502	198,177	206,108	123,108
Employee benefit reserve		171	-	-	-
Fair value reserve		2,760	2,533	656	683
Translation reserve	21	(2,721)	(2,241)	-	-
Retained earnings		89,725	84,283	26,236	23,809
Total equity		<u>507,875</u>	<u>383,190</u>	<u>333,438</u>	<u>248,038</u>
Total liabilities and equity		<u>629,946</u>	<u>504,982</u>	<u>367,928</u>	<u>275,857</u>

Notes

9. Cash and bank balances

The decrease in cash and bank balances was mainly due to payments for renovation work in Hotel Royal Kuala Lumpur and Hotel Royal Bangkok @ Chinatown. The decrease was also due to the switch of some cash account investments to available-for-sale investments in a Singapore subsidiary.

10. Held-for-trading investments

The decrease was mainly due to higher disposals of investments during the year offset by presence of fair value gain.

11. Available-for-sale investments

Available-for-sale investments managed by external fund managers are classified as current assets and those managed internally are classified as non-current assets.

The increase mainly due to additional investments offset by reduction in fair value of S\$0.27 million in fourth quarter 2013.

12. Trade receivables

The decrease in trade receivables was mainly due to higher allowance for doubtful receivables provided by the Thailand subsidiary.

13. Other receivables

Other receivables comprises current assets and non-current assets.

The other receivables reported in current asset consist of other debtors, deposits and prepayments. The increase was mainly due to increase in other debtors and deposits for acquisition of new investments in Thailand.

The other receivables reported in non-current assets increased mainly due to additional deposits and prepayments made for renovation works at Hotel Royal Bangkok @ Chinatown.

14. Property, plant and equipment

The increase was mainly due to revaluation surplus of:

- (a) S\$83 million on the Company's freehold land;
- (b) S\$26 million on Hotel Royal Queens's freehold land;
- (c) S\$8.1 million (RM21 million) on Faber Kompleks' freehold land; and
- (d) S\$2.8 million (RM7.3 million) on Premium Lodge's freehold land.

Capitalisation of major renovation costs in Hotel Royal Newton, Hotel Royal Kuala Lumpur and Hotel Royal Bangkok @ Chinatown also contributed to the increase.

15. Investment properties

The increase was mainly due to capitalisation of construction costs for investment properties in Grand Complex.

16. Lease incentives

Lease incentive are included current assets and non-current assets.

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 the addition of one new major tenant since first quarter 2013.

17. Deferred tax assets

The decrease was mainly due to reversal from a deferred tax asset position to a deferred tax liability position for a Malaysia subsidiary.

18. Bank loans

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

The increase in the Group's short term bank loans was mainly due to the additional drawdown of a short-term loan of S\$3.0 million in June 2013, offset by the loan repayments made.

The decrease in the Group's long-term bank loans was mainly due to repayment of bank loans and lower translated Singapore dollar amount for a bank loan dominated in Thai baht due to weakening of Thai baht against Singapore dollar.

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 net current liabilities of S\$26.26 million of the Company as at 31 December 2013 (2012: S\$20.50 million). However, the Group has net current assets of S\$1.81 million as at 31 December 2013 (2012: S\$3.81 million).

19. Other payables

The decrease in other payables was mainly due to lower accrued expenses from Malaysia hotels and payments made during the financial year.

20. Asset revaluation reserve

The increase was mainly due to surplus on revaluation on freehold land-hotels for the Company of S\$83.0 million and S\$26.0 million for Hotel Royal @ Queens based on full valuation done by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2013. The surplus on revaluation in respect of freehold land for Faber Kompleks amounting to S\$7.6 million (RM 19.8 million) net of tax and S\$2.7 million (RM 7.0 million) net of tax for Premium Lodge based on full valuation done by BHL Property Consultants and Henry Butcher Malaysia Sdn Bhd respectively as at 31 December 2013 also contributed to the increased.

21. Translation reserve

The movement in translation reserve from negative S\$2.241 million as at 31 December 2012 to negative S\$2.721 million as at 31 December 2013 was mainly due to losses on translating the net assets of Malaysian subsidiaries and Thailand subsidiary into Singapore dollar as both Malaysia ringgit and Thai baht had weakened against Singapore dollar. The unfavourable change was partially offset by gain on translating the net assets of New Zealand subsidiary into Singapore dollar as New Zealand dollar had strengthened 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 31 Dec 2013</u>		<u>As at 31 Dec 2012</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
26,678	-	24,184	-

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

<u>As at 31 Dec 2013</u>		<u>As at 31 Dec 2012</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
67,206	-	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 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Operating activities:				
Profit before income tax	2,447	6,020	13,330	17,159
Adjustments for:				
Depreciation expense	1,435	1,566	5,369	4,899
Dividend income	(65)	(44)	(364)	(257)
Interest income	(72)	(45)	(203)	(181)
Interest expense	738	836	3,003	3,211
Gain on disposal of available-for-sale investments	(11)	(194)	(229)	(371)
Gain on disposal of property, plant and equipment	-	(3)	-	13
Fair value gain on held-for-trading investments	(40)	(17)	(102)	(301)
Allowance for doubtful receivables	508	118	578	181
Allowance for doubtful receivables no longer required	(114)	-	(114)	-
Impairment loss on available-for-sale investment	-	-	55	1
Write back of past years' impairment on investment property	(684)	(2,891)	(684)	(2,891)
Allowance for diminution in value of unquoted investment	270	-	270	-
Operating cash flows before movements in working capital	4,412	5,346	20,909	21,463
Available-for-sale investments	(25)	564	(97)	(565)
Held-for-trading investments	(51)	(83)	989	(573)
Trade receivables and other receivables	(1,219)	(909)	(2,219)	(873)
Inventories	(4)	(43)	41	(184)
Trade and other payables	850	518	738	(190)
Cash generated from operations	3,963	5,393	20,361	19,078
Interest paid	(738)	(836)	(3,003)	(3,211)
Interest received	72	45	203	181
Dividend received	65	44	364	257
Income tax paid – net of refund	1,547	302	(2,793)	(3,556)
Net cash generated from operating activities	4,909	4,948	15,132	12,749
Investing activities:				
Purchase of available-for-sale investments	(1,826)	-	(7,520)	-
Proceeds from disposal of property, plant & equipment	2	-	2	4
Proceeds from disposal of available-for-sale investments	987	145	4,458	-
Purchase of property, plant and equipment	(2,168)	(2,293)	(8,023)	(4,860)
Addition of investment properties	(1,537)	(478)	(2,142)	(1,779)
Net cash used in investing activities	(4,542)	(2,626)	(13,225)	(6,635)

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</u>	
	<u>31 Dec</u>		<u>31 Dec</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Financing activities:				
Proceeds from bank loans	183	1,821	3,183	22,337
Repayment of bank loans	(662)	(3,197)	(3,677)	(21,149)
Fixed deposit pledged to banks	64	(799)	64	(799)
Repayment of finance lease	(4)	(2)	(10)	(8)
Additions of finance lease	-	-	13	-
Dividends paid	-	-	(4,200)	(4,200)
Net cash used in financing activities	(419)	(2,177)	(4,627)	(3,819)
Net increase (decrease) in cash and cash equivalents	(52)	145	(2,720)	2,295
Cash and cash equivalents at beginning of period	21,347	21,777	20,926	19,436
Effect of currency exchange adjustment	(1,930)	(996)	1,159	(805)
Cash and cash equivalents at end of period	19,365	20,926	19,365	20,926

Cash and cash equivalents consist of:

	<u>Group</u>	
	<u>31 Dec</u>	<u>31 Dec</u>
	<u>2013</u>	<u>2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash on hand	144	148
Cash at bank	18,107	17,511
Fixed deposits	1,849	4,066
	20,100	21,725
Less: Fixed deposits pledged	(735)	(799)
Total	19,365	20,926

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>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>
The Group							
Balance at 1 January 2012	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
Balance at 1 January 2013	100,438	198,177	-	2,533	(2,241)	84,283	383,190
Dividend	-	-	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	-	39	13	8,793	8,845
Balance at 30 September 2013	100,438	198,177	-	2,572	(2,228)	88,876	387,835
Total comprehensive income for the period	-	119,325	171	188	(493)	849	120,040
Balance at 31 December 2013	100,438	317,502	171	2,760	(2,721)	89,725	507,875

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

	<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>Retained earnings</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
The Company					
Balance at 1 January 2012	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	2,495	9,768
Balance at 31 December 2012	100,438	123,108	683	23,809	248,038
Balance at 1 January 2013	100,438	123,108	683	23,809	248,038
Dividend	-	-	-	(4,200)	(4,200)
Total comprehensive income for the period	-	-	(4)	5,396	5,392
Balance at 30 September 2013	100,438	123,108	679	25,005	249,230
Total comprehensive income for the period	-	83,000	(23)	1,231	84,208
Balance at 31 December 2013	100,438	206,108	656	26,236	333,438

1(d)(ii) SHARE CAPITAL

	<u>The Group and the Company</u>			
	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>	<u>31 Dec 2013</u>	<u>31 Dec 2012</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	84,000	84,000	100,438	100,438

There was no movement in the issued and paid-up capital of the Company since 31 December 2012.

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 2012.

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 2013. 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 was 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 PER ORDINARY SHARE (EPS)

	<u>Group</u>		<u>Financial Year Ended 31 Dec</u>	
	<u>Fourth Quarter Ended 31 Dec</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Earnings per share (based on consolidated profit after taxation)				
- on weighted average number of shares	1.01 cents	7.46 cents	11.48 cents	16.36 cents
- on a fully diluted basis	1.01 cents	7.46 cents	11.48 cents	16.36 cents

Basic earnings per share for the fourth quarter and year ended 31 December 2013 are calculated on the Group profit after income tax expense of S\$0.849 million and S\$9.642 million respectively (2012: S\$6.270 million and S\$13.745 million respectively) divided by weighted average number of ordinary shares of 84,000,000 (2012: 84,000,000).

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

7 NET ASSET VALUE (NAV)

	<u>Group</u>		<u>Company</u>	
	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>	<u>31 Dec 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\$6.05	S\$4.56	S\$3.97	S\$2.95

The NAV per share as at 31 December 2013 and 31 December 2012 were calculated based on the number of shares in issue of 84,000,000 ordinary shares.

8 REVIEW OF GROUP PERFORMANCE

Fourth quarter 2013 vs Fourth quarter 2012

The Group's revenue for fourth quarter 2013 was S\$12.606 million as compared with S\$13.209 million for the corresponding quarter last year. The decrease of 4.6% or S\$0.603 million was mainly due to lesser contribution from Singapore hotels due to keen competition resulting from increase in room inventory in Singapore offset by higher rental income contribution from investment properties in New Zealand and higher sales from Malaysia hotels.

Profit after income tax for the fourth quarter 2013 decreased by 86.5% or S\$5.421 million from S\$6.270 million to S\$0.849 million mainly due to lower other income arising from write back of impairment loss on investment property and allowance for diminution in value of unquoted investment amounting to S\$0.27 million. This has been partially offset by lower administrative expenses and finance costs.

Financial Year ended 2013 vs Financial Year ended 2012

The Group's revenue for financial year ended 31 December 2013 decreased by 2.5% or S\$1.333 million due to lower room revenue and lower food and beverage sales from Singapore hotels. The decrease was offset by higher rental income contribution from investment properties in New Zealand and better performance from Malaysia hotels.

Profit after income tax decreased by 29.9% or S\$4.103 million from S\$13.745 million to S\$9.642 million. This was mainly due to lower other income arising from write back of impairment loss on investment property and allowance for diminution in value of unquoted investment amounting to S\$0.27 million. This has been partially offset by lower administrative expenses and finance costs.

In the opinion of the Directors, no transaction has arisen between 31 December 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 outlook for the tourism sector in Singapore is uncertain because of the fragile recovery of the global economy. In view of the growing competition from new hotels, we will continue to monitor closely our room occupancy and room rates for the Group's hotel segment and take action to improve market share.

The Group will actively market its vacant premises in Grand Complex 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, 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 2013:

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 2012:

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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</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	30,834	32,629	-	-	30,834	32,629
Malaysia	11,573	10,571	-	-	11,573	10,571
Thailand	314	1,365	-	-	314	1,365
	42,721	44,565	-	-	42,721	44,565
Property investment						
Singapore	1,202	1,179	122	121	1,324	1,300
New Zealand	6,062	5,691	-	-	6,062	5,691
Malaysia	656	668	-	-	656	668
	7,920	7,538	122	121	8,042	7,659
Financial investment	567	438	1,286	1,783	1,853	2,221
Total	51,208	52,541	1,408	1,904	52,616	54,445

II. Net profit

	Net profit before one-off income and expenses		One-off income and expenses (Note1)		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</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	11,492	12,955	-	-	11,492	12,955
Malaysia	1,591	1,192	-	-	1,591	1,192
Thailand	(1,410)	(264)	-	-	(1,410)	(264)
	11,673	13,883	-	-	11,673	13,883
Property investment						
Singapore	982	733	-	-	982	733
New Zealand	2,716	4,458	-	-	2,716	4,458
Malaysia	618	601	-	-	618	601
	4,316	5,792	-	-	4,316	5,792
Financial investment	344	695	-	-	344	695
Total	16,333	20,370	-	-	16,333	20,370
Finance cost					(3,003)	(3,211)
Profit before income tax					13,330	17,159
Income tax expense					(3,688)	(3,414)
Profit after income tax					9,642	13,745

III. Segment assets and liabilities

	Segment assets		Segment liabilities	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Hotel operation				
Singapore	422,240	289,024	4,354	4,396
Malaysia	48,743	61,674	931	1,267
Thailand	25,706	23,927	599	644
	496,689	374,625	5,884	6,307
Property investment				
Singapore	37,892	37,231	216	196
New Zealand	60,416	56,777	1,379	409
Malaysia	14,680	15,212	1,173	1,173
	112,988	109,220	2,768	1,778
Financial investment	18,367	16,390	179	179
Total	628,044	500,235	8,831	8,264
Unallocated items	1,902	4,747	113,240	113,528
Consolidated total	629,946	504,982	122,071	121,792

IV. Other segment information

	Depreciation		Impairment loss		Additions to non-current assets	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</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	2,436	2,413	-	-	3,821	1,644
Malaysia	1,495	1,184	-	-	1,982	3,178
Thailand	148	127	-	-	2,220	38
	<u>4,079</u>	<u>3,724</u>	<u>-</u>	<u>-</u>	<u>8,023</u>	<u>4,860</u>
Property investment						
Singapore	480	368	-	-	247	1,722
New Zealand	661	650	-	-	1,895	57
Malaysia	149	157	-	-	-	-
	<u>1,290</u>	<u>1,175</u>	<u>-</u>	<u>-</u>	<u>2,142</u>	<u>1,779</u>
Financial investment	-	-	-	-	-	-
	<u>5,369</u>	<u>4,899</u>	<u>-</u>	<u>-</u>	<u>10,165</u>	<u>6,639</u>

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:

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	32,549	34,189	446,017	313,662
Malaysia	12,268	11,277	60,605	74,706
New Zealand	6,074	5,710	58,884	55,143
Thailand	317	1,365	24,626	23,169
Total	<u>51,208</u>	<u>52,541</u>	<u>590,132</u>	<u>466,680</u>

13 REVIEW OF SEGMENT PERFORMANCE

The revenue for Singapore hotel segment decreased by 5.5% from S\$32.629 million in 2012 to S\$30.834 million in 2013. This was mainly due to lower room occupancy affected by renovation works. Revenue from the hotel segment in Malaysia increased by 9.5% from S\$10.571 million in 2012 to S\$11.573 million in 2013 mainly due to higher room revenue and higher food and beverage sales. Revenue from the hotel segment in Thailand decreased by 77.0% from S\$1.365 million in 2012 to S\$0.314 million in 2013 due to the temporary closure of Hotel Royal Bangkok @ Chinatown for major upgrading works.

The revenue from the Singapore property investment segment increased by 1.8% from S\$1.300 million in 2012 to S\$1.324 million in 2013 mainly due to improved rental income from a Singapore subsidiary. The properties segment revenue from New Zealand increased by 6.5% from \$5.691 million in 2012 to \$6.062 million in 2013 mainly due to increased rental income from its investment properties.

Net profit pertaining to financial investment decreased by 50.5% from \$0.695 million in 2012 to \$0.344 million in 2013 mainly due to the weakening of various stock markets that the Group invested in.

14 BREAKDOWN OF SALES

	<u>Group</u>		
	<u>2013</u>	<u>2012</u>	<u>Increase</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<u>Revenue reported for:</u>			
1 st Quarter	12,452	12,692	(1.9)
2 nd Quarter	12,689	13,233	(4.1)
3 rd Quarter	13,461	13,407	0.4
4 th Quarter	12,606	13,209	(4.6)
Total	<u>51,208</u>	<u>52,541</u>	<u>(2.5)</u>
<u>Profit for the year attributable to equity holders of the Company:</u>			
1 st Quarter	2,291	2,403	(4.7)
2 nd Quarter	3,095	2,237	38.4
3 rd Quarter	3,407	2,835	20.2
4 th Quarter	849	6,270	(86.5)
Total	<u>9,642</u>	<u>13,745</u>	<u>(29.9)</u>

15 TOTAL ANNUAL DIVIDEND

	<u>2013</u>	<u>2012</u>
	<u>S\$'000</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 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)	60	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)	55	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	68	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)	61	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)	34	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 2014