



UNI-ASIA GROUP LIMITED

Company Registration No: 201901284Z
Incorporated in the Republic of Singapore

FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD QUARTERLY RESULTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	3 rd Quarter ("3Q")			9 Months ended 30 September ("9M")		
		2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Charter income	8(i)	9,220	9,725	(5%)	27,429	29,405	(7%)
Fee income	8(ii)	1,426	1,666	(14%)	5,739	5,689	1%
Hotel income	8(iii)	21,435	20,158	6%	60,441	48,168	25%
Investment returns	8(iv)	2,447	(670)	N/M	8,143	787	N/M
Interest income		269	232	16%	731	640	14%
Other income		91	279	(67%)	374	1,350	(72%)
Total income		34,888	31,390	11%	102,857	86,039	20%
Employee benefits expenses		(5,628)	(4,588)	23%	(14,851)	(13,134)	13%
Amortisation and depreciation		(2,666)	(2,585)	3%	(7,906)	(7,858)	1%
Depreciation of right-of-use assets ¹		(5,418)	-	N/M	(16,007)	-	N/M
Vessel operating expenses		(4,579)	(4,899)	(7%)	(13,000)	(13,922)	(7%)
Hotel lease expenses		(2,447)	(7,409)	(67%)	(6,594)	(16,129)	(59%)
Hotel operating expenses		(9,535)	(9,202)	4%	(27,607)	(22,778)	21%
Gain on disposal of property, plant and equipment		33	4	N/M	4,259	114	N/M
(Impairment)/ Reversal of impairment of property, plant and equipment		-	(15)	(100%)	-	3,092	(100%)
Net foreign exchange gain/ (loss)		38	503	(92%)	(266)	192	N/M
Other expenses		(1,155)	(1,057)	9%	(3,607)	(3,784)	(5%)
Total operating expenses		(31,357)	(29,248)	7%	(85,579)	(74,207)	15%
Operating profit		3,531	2,142	65%	17,278	11,832	46%
Finance costs – interest expense		(1,320)	(1,460)	(10%)	(4,065)	(4,392)	(7%)
Finance costs – lease interest ¹		(1,162)	-	N/M	(3,494)	-	N/M
Finance costs – others		(52)	(105)	(50%)	(272)	(336)	(19%)
Share of results of an associate		22	-	N/M	(10)	-	N/M
Allocation to Tokumei Kumiai ² investors		(299)	(654)	(54%)	(1,835)	(685)	168%
Profit/ (loss) before tax		720	(77)	N/M	7,602	6,419	18%
Income tax expense		(46)	(63)	(27%)	(177)	(216)	(18%)
Profit/ (loss) for the period		674	(140)	N/M	7,425	6,203	20%
Attributable to:							
Owners of the parent		259	(179)	N/M	6,706	4,955	35%
Non-controlling interests		415	39	N/M	719	1,248	(42%)
		674	(140)	N/M	7,425	6,203	20%

¹ New items on face of Income Statements due to adoption of new "IFRS16 – Leases" effective 1 January 2019.

² Tokumei Kumiai ("TK") refers to a form of silent partnership structure used in Japan. Allocation to TK investors refers to share of profit and loss attributable to other TK investors of the TK structure.

	3 rd Quarter ("3Q")			9 Months ended 30 September ("9M")		
	2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Profit/ (loss) for the period	674	(140)	N/M	7,425	6,203	20%
Other comprehensive (expense)/ income for the period, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	(207)	(721)	(71%)	304	(531)	(157%)
Net movement on cash flow hedges	(69)	40	N/M	(1,367)	700	N/M
Other comprehensive (expense)/ income for the period, net of tax	(276)	(681)	(59%)	(1,063)	169	N/M
Total comprehensive income/ (expense) for the period	398	(821)	(148%)	6,362	6,372	(0%)
Attributable to:						
Owners of the parent	15	(838)	(102%)	5,733	5,135	12%
Non-controlling interests	383	17	N/M	629	1,237	(49%)
	398	(821)	(148%)	6,362	6,372	(0%)

N/M: Not meaningful

1 (b) (i) A statement of financial position for the group and the issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 September 2019 US\$'000	31 December 2018 US\$'000	30 September 2019 US\$'000	31 December 2018 US\$'000
ASSETS				
Non-current assets				
Investment properties	14,945	16,248	-	-
Investments	25,134	28,914	-	-
Investment in subsidiary	-	-	109,276	109,276
Investments in associate	22	-	-	-
Intangible assets	3	25	-	-
Property, plant and equipment	171,173	177,893	3	-
Right-of-use assets	260,603	-	384	-
Rental deposit	6,606	7,083	-	-
Derivative financial instruments	-	209	-	-
Finance lease receivable	-	7,397	-	-
Accounts receivable	146	730	-	-
Deferred tax assets	65	120	-	-
Total non-current assets	478,697	238,619	109,663	109,276
Current assets				
Investments	1,774	9,204	-	-
Loans receivable	1,350	51	-	-
Derivative financial instruments	125	473	-	-
Finance lease receivable	7,681	393	-	-
Accounts receivable	6,756	6,434	1	-
Amounts due from subsidiaries	-	-	2,613	2,001
Prepayments, deposits and other receivables	7,985	9,700	324	390
Tax recoverable	1,179	229	-	-
Asset held for sale	-	22,423	-	-
Deposits pledged as collateral	2,776	3,236	-	-
Cash and bank balances	54,501	43,462	1,263	948
Total current assets	84,127	95,605	4,201	3,339
Total assets	562,824	334,224	113,864	112,615

NOTES:

The Group's non-current assets increased by \$240.1 million from \$238.6 million on 31 December 2018 to \$478.7 million on 30 September 2019. This was mainly due to:

- 1) Recognition of right-of-use assets of \$260.6 million as at 30 September 2019 following the adoption of *IFRS 16 Leases* on 1 January 2019; offset by
- 2) Decrease in investment properties of \$1.3 million as a result of sale of completed ALERO projects offset by funding of new ALERO projects;
- 3) Decrease in investments of \$3.8 million mainly due to receipt of investment proceeds from the 3rd Hong Kong property investment project;
- 4) Decrease in property, plant and equipment of \$6.7 million due to depreciation offset by addition to property, plant and equipment; and
- 5) Re-classification of finance lease receivable of \$7.4 million from non-current to current in accordance with the terms of the finance lease.

Current assets decreased by \$11.5 million from \$95.6 million on 31 December 2018 to \$84.1 million on 30 September 2019. The decrease in current assets was mainly due to:

- 1) Decrease in investments of \$7.4 million due mainly to receipt of investment proceeds from 2nd Hong Kong property investment project;
- 2) Disposal of asset held for sale in 1Q2019 which balance was \$22.4 million as at 31 December 2018; and offset by:
- 3) Increase in loan receivable by \$1.3 million due to short-term loans provided to ship investments;
- 4) Above-mentioned finance lease receivable re-classified to current assets as at 30 September 2019.

	Group		Company	
	30 September 2019 US\$'000	31 December 2018 US\$'000	30 September 2019 US\$'000	31 December 2018 US\$'000
EQUITY				
Equity attributable to owners of the parent				
Share capital	113,174	109,276	113,174	109,276
Retained earnings	13,031	18,667	(396)	3,035
Hedging reserve	(586)	695	-	-
Exchange reserve	1,806	1,498	-	-
Capital reserve	(2,899)	(2,899)	-	-
Total equity attributable to owners of the parent	124,526	127,237	112,778	112,311
Non-controlling interests	3,984	6,095	-	-
Total equity	128,510	133,332	112,778	112,311
LIABILITIES				
Non-current liabilities				
Borrowings	77,027	111,525	-	-
Lease liabilities	250,598	-	343	-
Derivative financial instruments	702	306	-	-
Deferred tax liabilities	491	510	-	-
Other payables	83	79	-	-
Provision for onerous contract	-	3,659	-	-
Total non-current liabilities	328,901	116,079	343	-
Current liabilities				
Borrowings	66,587	69,193	-	-
Lease liabilities	25,618	-	44	-
Due to Tokumei Kumiai investors	1,214	2,307	-	-
Derivative financial instruments	462	192	-	-
Accounts payable	4,615	4,204	-	-
Amount due to subsidiary	-	-	265	10
Other payables and accruals	6,806	7,666	434	294
Provision for onerous contract	-	1,033	-	-
Income tax payable	111	218	-	-
Total current liabilities	105,413	84,813	743	304
Total liabilities	434,314	200,892	1,086	304
Total equity and liabilities	562,824	334,224	113,864	112,615

NOTES:

Total liabilities increased by \$233.4 million from \$200.9 million on 31 December 2018 to \$434.3 million on 30 September 2019 mainly due to the impact of adoption of *IFRS 16 Leases* from 1 January 2019 offset by decrease in borrowings, amount due to Tokumei Kumiai investors, as well as other payables and accruals. With the adoption of *IFRS 16 Leases* from 1 January 2019, non-current lease liabilities of \$250.6 million and current lease liabilities of \$25.6 million were added to the balance sheet. Onerous contract provisions of \$3.7 million (non-current) and \$1.0 million (current) as at 31 December 2018 were included as part of right-of-use assets from 1 January 2019 under *IFRS 16*.

Total borrowings (including both current and non-current) of the Group as at 30 September 2019 was \$143.6 million compared to \$180.7 million as at 31 December 2018. The decrease was mainly due to repayment of borrowings following the disposal of a hotel asset in 1Q2019 and other repayments, and is part of the Group's effort in managing the Group's gearing.

Current liabilities exceeded current assets by \$21.3 million as at 30 September 2019 mainly due to the inclusion of \$25.6 million current lease liabilities due to adoption of *IFRS 16*, the exclusion of which will result in a positive working capital.

1 (b) (ii) Aggregate amount of group's borrowings and debt securities.

	As at 30 September 2019		As at 31 December 2018	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	52,872	13,715	55,857	13,336
Amount repayable after one year	67,711	9,316	99,839	11,686
Total	120,583	23,031	155,696	25,022

Details of any collateral

The Group's borrowings as at 30 September 2019 are secured by means of:

- legal mortgages over certain cash deposits of a subsidiary
- legal mortgages over investment properties of subsidiaries
- legal mortgages over vessels of subsidiaries

1 (c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	9 Months ended 30 September	
		2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit before tax		7,602	6,419
Adjustments for:			
Investment returns		(8,143)	(787)
Amortisation and depreciation		7,906	7,858
Depreciation of right-of-use assets		16,007	-
Gain on disposal of property, plant and equipment		(4,259)	(114)
Reversal of impairment of property, plant and equipment		-	(3,092)
Reversal of provision for receivable (IFRS 9)		(18)	(15)
Net foreign exchange loss/ (gain)		266	(192)
Interest income		(731)	(640)
Finance costs – interest expense		4,065	4,392
Finance costs – lease interest		3,494	-
Finance costs – others		272	336
Share of results of an associate		10	-
Allocation to Tokumei Kumiai investors		1,835	685
Operating cash flows before changes in working capital		28,306	14,850
Changes in working capital:			
Net change in accounts receivable		367	(1,388)
Net change in prepayments, deposits and other receivables		(127)	487
Net change in accounts payable		249	(125)
Net change in other payables, accruals and deferred income		1,202	(1,709)
Cash flows generated from operations		29,997	12,115
Interest received on bank balances		281	207
Tax (paid)/ reimbursed		(1,162)	326
Net cash flows generated from operating activities	[A]	29,116	12,648
Cash flows from investing activities			
Purchase of investment properties		(6,193)	(6,601)
Purchase of investments		(2,806)	(10,934)
Proceeds from sale of investment properties		9,067	6,029
Proceeds from redemption/ sale of investments		11,449	20,664
Deconsolidation of consolidated entities		(1,925)	-
Proceeds from finance lease		296	279
Hotel lease deposit refund/ (payment)		297	(2,027)
Deposits refund for small residential projects		521	-
Purchase of property, plant and equipment		(1,022)	(1,225)
Proceeds from disposal of property, plant and equipment		27,801	14,472
Net redemption from Tokumei Kumiai investors		(1,519)	(330)
Net loans advanced		(1,299)	(140)
Interest received from loans and finance leases		395	384
Net decrease/ (increase) in deposits pledged as collateral		393	(261)
Income proceeds from investments		8,960	16,277
Settlement of derivative financial instruments		(9)	(20)
Proceeds from property rental		436	647
Net cash flows generated from investing activities	[B]	44,842	37,214

	Note	9 Months ended 30 September	
		2019 US\$'000	2018 US\$'000
Cash flows from financing activities			
Net proceeds from issue of shares		3,998	-
Proceeds from borrowings		8,868	11,907
Repayment of borrowings		(47,337)	(41,839)
Interest and other finance cost paid		(4,233)	(4,409)
Lease principal paid		(14,875)	-
Lease interest paid		(3,494)	-
Dividend paid		(3,826)	(2,218)
Payment to non-controlling interest		(2,509)	(4,147)
Net cash flows used in financing activities	[C]	(63,408)	(40,706)
Net increase in cash and bank balances		10,550	9,156
Movements in cash and bank balances:			
Cash and bank balances at beginning of the period		43,462	40,556
Net increase in cash and bank balances		10,550	9,156
Effects of foreign exchange rate changes, net		489	(234)
Cash and bank balances at end of the period		54,501	49,478

NOTES:

The Group's cash and bank balances increased by \$11.0 million in 9M2019 after the effects of foreign exchange rate changes mainly due to the followings:

[A] Cash flows generated from operating activities amounted to \$29.1 million for 9M2019 compared to \$12.6 million for 9M2018. Following the adoption of *IFRS 16* Leases, fixed lease payments are classified as lease principal and lease interest paid under cash flows from financing activities, when under *IAS 17*, such payments were classified as expense paid in net profit before tax under operating cash flows. As a result, operating cash flows increased.

[B] Cash flows generated from investing activities were \$44.8 million for 9M2019.

Main cash inflows from investing activities include:

- i) proceeds from disposal of a hotel which was classified under property, plant and equipment of \$27.8 million;
- ii) proceeds from redemption/sale of investments of \$11.4 million, of which \$8.2 million pertained to 3rd Hong Kong property investment project, \$2.1 million pertained to small residential property projects (ALERO projects), and \$1.1 million pertained to ship investment; and
- iii) proceeds from sale of investment properties (ALERO projects) of \$9.1 million.

Main cash outflows from investing activities include:

- i) investment in investment properties (ALERO projects) of \$6.2 million;
- ii) purchase/ additional funding of investments of \$2.8 million;
- iii) cash outflow of \$1.9 million as a result of deconsolidation of a consolidated Godo Kaisha entity;
- iv) net redemption from Tokumei Kumiai investors of \$1.5 million from ALERO investments; and
- v) net loans advance of \$1.3 million.

[C] Cash flows used in financing activities were \$63.4 million in 9M2019.

Main cash outflows from financing activities include:

- i) repayments of borrowings offset by new borrowings in 9M2019; and
- ii) fixed lease payments classified as lease principal paid (amounting to \$14.9 million) and lease interest paid (amounting to \$3.5 million) under cash flows from financing activities in 9M2019 following the adoption of *IFRS 16 Leases*;
- iii) dividend of \$3.8 million paid of which \$2.7 million pertained to final dividend for FY2018 paid in 2Q2019 and \$1.1 million pertained to interim dividend for FY2019 paid in 3Q2019; and
- iv) payment to non-controlling interest of \$2.5 million.

On 4 April 2019, the Company allotted and issued 5,420,720 new ordinary shares of the Company in connection with a placement undertaken by the Company at S\$1.08 per share with a gross proceed of approximately S\$5.85 million which partially reduces the cash outflows from financing activities.

Use of proceeds from private placement

As at the date of this results announcement, the company has utilised approximately S\$2.5 million in relation to small residential property development projects in Tokyo under the brand name of ALERO. Please refer to the Company's announcement on 15 July 2019.

1 (d) (i) A statement for the group and the issuer showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital US\$'000	Retained earnings US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Capital reserve US\$'000	Total equity attributable to owners of the parent US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2018	109,276	19,674	943	1,373	(2,907)	128,359	7,606	135,965
Adjustments due to first time adoption of <i>IFRS 9</i>	-	(15)	-	-	-	(15)	-	(15)
Profit for the period	-	4,955	-	-	-	4,955	1,248	6,203
Other comprehensive income/ (expense)	-	-	680	(500)	-	180	(11)	169
Total comprehensive income/ (expense)	-	4,955	680	(500)	-	5,135	1,237	6,372
Distribution to owners - Dividend in respect of 2017	-	(2,218)	-	-	-	(2,218)	-	(2,218)
Payment to non-controlling interests	-	-	-	-	-	-	(4,147)	(4,147)
At 30 September 2018	109,276	22,396	1,623	873	(2,907)	131,261	4,696	135,957
At 1 January 2019	109,276	18,667	695	1,498	(2,899)	127,237	6,095	133,332
Adjustments due to first time adoption of <i>IFRS 16</i>	-	(8,707)	-	-	-	(8,707)	(32)	(8,739)
Profit for the period	-	6,706	-	-	-	6,706	719	7,425
Other comprehensive (expense)/ income	-	-	(1,281)	308	-	(973)	(90)	(1,063)
Total comprehensive income/ (expense)	-	6,706	(1,281)	308	-	5,733	629	6,362
Shares issued	3,898	-	-	-	-	3,898	-	3,898
Acquisition of additional interests in a subsidiary	-	199	-	-	-	199	(199)	-
Distribution to owners - FY2018 dividend	-	(2,693)	-	-	-	(2,693)	-	(2,693)
FY2019 interim dividend	-	(1,141)	-	-	-	(1,141)	-	(1,141)
Payment to non-controlling interests	-	-	-	-	-	-	(2,509)	(2,509)
At 30 September 2019	113,174	13,031	(586)	1,806	(2,899)	124,526	3,984	128,510

Company	Share capital US\$'000	Accumulated losses/ Retained earnings US\$'000	Total equity US\$'000
At 1 January 2018	109,276	2,332	111,608
Loss for the period	-	(267)	(267)
Total comprehensive expense	-	(267)	(267)
Distribution to owners - Dividend in respect of 2017	-	(2,218)	(2,218)
At 30 September 2018	109,276	(153)	109,123
At 1 January 2019	109,276	3,035	112,311
Profit for the period	-	403	403
Total comprehensive income	-	403	403
Shares issued	3,898	-	3,898
Distribution to owners – FY2018 dividend	-	(2,693)	(2,693)
Distribution to owners – FY2019 interim dividend	-	(1,141)	(1,141)
At 30 September 2019	113,174	(396)	112,778

- 1 (d) (ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company allotted and issued 5,420,720 new ordinary shares of the Company on 4 April 2019 in connection with a placement undertaken by the Company which resulted in an increase in the total number of issued ordinary shares of the Company from 46,979,280 ordinary shares to 52,400,000 ordinary shares. For further details on the placement, please refer to the Company’s announcements on 26 March 2019, 3 April 2019 and 4 April 2019.

Subsequent to the completion of the placement, the Company allotted and issued 26,199,987 additional new ordinary shares of the Company on 7 June 2019 in connection with a one-for-two bonus issue undertaken by the Company which resulted in a further increase in the total number of issued ordinary shares of the Company from 52,400,000 ordinary shares to 78,599,987 ordinary shares. For further details on the bonus issue, please refer to the Company’s announcements on 15 May 2019, 19 May 2019, 24 May 2019 and 7 June 2019.

The Company did not have any convertibles or treasury shares as at 30 September 2019, 31 December 2018 and 30 September 2018.

- 1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Uni-Asia Group Limited As at 30 September 2019	Uni-Asia Holdings Limited As at 31 December 2018
Total number of issued shares	78,599,987	46,979,280

- 1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4 Whether the same accounting policies and method of computation as in the issuer’s most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2018, except for the adoption of “*IFRS 16 – Leases*” that is effective as of 1 January 2019.

- 5 If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The Group has adopted *IFRS 16* on 1 January 2019.

IFRS 16 – Leases

In January 2016, the IASB issued the final version of *IFRS 16 Leases* that replaces *IAS 17 Accounting for Leases* and all previous versions of *IAS 17*. *IFRS 16* provides a single lessee accounting model to be applied to all leases whilst retaining a two model approach for lessors.

Under *IFRS 16*, lessees recognise a right-of-use asset and a lease liability on the commencement of a lease. The asset is initially recognised at the amount of lease liability plus initial direct costs. It is subsequently measured using the cost model unless the underlying is an investment property measured at fair value or PPE measured under the revaluation model. The liability is initially measured at the present value of the lease payments over the lease term, discounted at the rate implicit in the lease.

For lessors, leases are classified either as operating or finance leases.

For the transition to *IFRS 16* from *IAS 17*, the Group has adopted Modified Retrospective approach where the right-of-use assets of existing leases where the Group is a lessee are re-measured from inception of the lease and the beginning retained earnings are adjusted. No restatement of comparatives is done under this transition approach.

As a result of the adoption of *IFRS 16*, the following are new items on the face of the Group's balance sheet as at 30 September 2019 and income statement for the period ended 30 September 2019.

	US\$'000
Balance sheet:	
Non-current assets	
Right-of-use assets	260,603
Non-current liabilities	
Lease liabilities	250,598
Current liabilities	
Lease liabilities	25,618
Income statement:	
Depreciation of right-of-use assets	16,007
Finance costs – lease interest	3,494

An adjustment of \$8.7 million was made to the beginning retained earnings as at 1 January 2019.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 rd Quarter			9 Months ended 30 September		
	2019	Adjusted 2018 ⁽¹⁾	2018	2019	Adjusted 2018 ⁽¹⁾	2018
Profit/ (loss) attributable to owners of the parent (US\$'000)	259	(179)	(179)	6,706	4,955	4,955
Weighted average number of ordinary shares in issue ('000)	78,600	70,469	46,979	75,830	70,469	46,979
Earnings/ (losses) per share (US cents per share) - basic and diluted	0.33	(0.25)	(0.38)	8.84	7.03	10.55

⁽¹⁾ Numbers are adjusted for weighted average number of ordinary shares in issue and earnings per share. The adjusted number is based on or is calculated based on the weighted average number of shares after adjusting for bonus issue.

7 Net asset value for the group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	30 September 2019	31 December 2018
Net asset value per ordinary share based on issued share capital (in US\$)	1.63 ⁽¹⁾	2.84 ⁽²⁾

⁽¹⁾ Based on issued share capital of 78,599,987 issued shares as at 30 September 2019.

⁽²⁾ Based on issued share capital of 46,979,280 issued shares as at 31 December 2018.

8 A review of the group performance, to the extent necessary for a reasonable understanding of the group's business. It must include discussion of any significant factors that affected the turnover, costs, and earnings for the current financial period report on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during current financial period reported on:

Review of Income Statement

Total Income

Total income of the Group was \$102.9 million for 9M2019, a 20% increase from 9M2018. Changes in major components of total income, including charter income, fee income, hotel income and investment returns are explained below.

(i) Charter Income

Charter income decreased by 7% from \$29.4 million in 9M2018 to \$27.4 million in 9M2019. The total number of wholly-owned/majority-owned ships contributing to the Group's charter income was 11 for 9M2019 compared to 12 for 9M2018 as a vessel was disposed in April 2018. Dry bulk market deteriorated badly in 1H2019, although in 3Q2019, market recovered some lost grounds. Notwithstanding the recovery, the average 9M2019 shipping market was still weaker than 9M2018. In addition, scheduled maintenance dry-docking of some of the Group's ships reduced the charter hire days and hence charter income for 3Q2019. The charter for the Group's sole wholly owned containership was also weaker in 9M2019 compared to 9M2018 due to uncertainties arising from trade war in 9M2019.

(ii) Fee Income

Breakdown of Fee Income:	3Q			9M		
	2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Asset management & administration fee	682	687	(1%)	2,312	1,819	27%
Arrangement and agency fee	554	838	(34%)	1,792	3,141	(43%)
Brokerage commission	167	143	17%	1,123	378	197%
Incentive fee	23	(2)	N/M	512	351	46%
	1,426	1,666	(14%)	5,739	5,689	1%

Total fee income, at \$5.7 million for 9M2019, represented a 1% increase from 9M2018. Asset management and administration fee increased by 27% to \$2.3 million mainly due to increase in assets under management of the Group's property asset management subsidiary, Uni-Asia Capital (Japan) Limited ("UACJ"). Arrangement and agency fee for 9M2019 at \$1.8 million was less than 9M2018 by 43% due to less arrangement deal transactions in 9M2019. The increase in brokerage commission to \$1.1 million in 9M2019 from \$0.4 million in 9M2018 was due to more brokerage commission deals closed in 9M2019. Incentive fees earned by subsidiary UACJ from meeting targets in managing Japan property projects increased by 46% to \$0.5 million in 9M2019.

(iii) Hotel Income

Hotel income increased by 25% from \$48.2 million in 9M2018 to \$60.4 million in 9M2019. Average occupancy rates for the Group's hotels increased to 83.3% for 9M2019 compared to 79.7% for 9M2018. Average daily room rate for 9M2019 increased by 4.4% compared to 9M2018.

(iv) Investment Returns

Breakdown of Investment Returns:	3Q			9M		
	2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Realised gain on investment properties	671	1,263	(47%)	1,317	1,263	4%
Realised gain on investments						
- shipping	38	65	(42%)	480	408	18%
- commercial office building	1,940	-	N/M	1,940	-	N/M
- small residential property developments	5	56	(91%)	130	141	(8%)
- distressed assets	-	1,182	(100%)	-	1,182	(100%)
- listed shares	-	18	(100%)	26	18	44%
Property rental income	121	244	(50%)	455	630	(28%)
Fair value adjustment on investments						
- shipping	-	(3,588)	(100%)	-	(6,253)	(100%)
- commercial office building	(401)	(12)	N/M	3,801	3,052	25%
- small residential property developments	(34)	301	(111%)	(74)	269	(128%)
- listed shares	116	(203)	(157%)	77	118	(35%)
Net (loss)/ gain on derivative financial instruments	(9)	4	N/M	(9)	(41)	(78%)
	2,447	(670)	(465%)	8,143	787	N/M

Investment returns for 9M2019 was a gain of \$8.1 million compared to \$0.8 million for 9M2018.

Realised gain on investment properties was \$1.3 million for 9M2019.

Realised gain from ship and property investments contributed \$2.5 million to investment returns for 9M2019, while fair valuation gain from the Group's 3rd Hong Kong commercial office property projects contributed \$3.8 million in investment returns for 9M2019.

Total Operating Expenses

The Group's employee benefit expenses and hotel operating expenses increased by 13% and 21% respectively in 9M2019 compared to 9M2018. With increased business activities as the new hotels which opened between April 2018 to August 2018 (towards end of 3Q2018) became more established in 2019, more expenses were incurred. The total number of hotel rooms available for sale (i.e. room inventory) had increased from around 603 thousand rooms during 9M2018 to around 700 thousand rooms during 9M2019.

All long term hotel and ship leases of the Group are accounted according to *IFRS 16 Leases*. The effects on the adoption of *IFRS 16* are set out in Note 5 above. This has resulted in depreciation of right-of-use assets of \$16.0 million in 9M2019 and decrease in hotel operating lease expenses by 59% from \$16.1 million in 9M2018 to \$6.6 million in 9M2019. Hotel operating lease expenses are in respect of leases of the Group that are outside the scope of *IFRS 16*.

In 9M2019, the Group disposed of a hotel held as PPE through a consolidated Godo Kaisha entity. The disposal resulted in a gain of \$4.3 million which was recognised as gain on disposal of PPE.

Due to the above factors, the Group's net operating expenses increased by 15% for 9M2019 compared to 9M2018.

Operating Profit

Operating profit of the Group increased by 46% from \$11.8 million for 9M2018 to \$17.3 million for 9M2019.

Finance costs and other costs

Interest on borrowings was \$4.1 million for 9M2019, a 7% decrease from 9M2018 as the Group pared down borrowings in 9M2019.

Following the adoption of *IFRS 16 Leases*, the Group has to recognise lease interest for the lease liabilities recognised on the balance sheet in accordance to *IFRS 16*. The Group recognised a lease interest expense of \$3.5 million in 9M2019. No lease interest expense was recorded in 9M2018 as the Group adopted *IFRS 16* on 1 January 2019.

The allocation of profit of \$1.8 million to Tokumei Kumiai investors are similar to the allocation of profit to non-controlling interest, but for Godo Kaisha structure in Japan. The increase is mainly due to sharing of profit following disposal of PPE as mentioned above.

Net Profit After Tax

The Group posted a net profit after tax of \$7.4 million for 9M2019, a 20% increase from \$6.2 million in 9M2018.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results.

Not applicable. The Group has not provided a forecast.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Dry Bulk

According to Clarksons Research "Dry Bulk Trade Outlook" October 2019 issue, 2020's bulkcarrier market may be fairly balanced in terms of bulkcarrier demand growth vs fleet growth, but other factors including reduced speed, scrubber retrofit time and increased recycling may lend support to bulkcarrier market. Some of the Group's vessels which are on short term index-linked charter may be able to benefit as the market improves, although there is normally a time lag between market improvement and increase in index-linked charter.

Hong Kong Property

Anti-extradition bill protests continue to take place in Hong Kong. While the Hong Kong commercial property market could be adversely affected in the short run, it is still uncertain whether there would be significant impact in the long run. The Group is monitoring the situation closely, in particular, the impact of the protests on the Group's Hong Kong property projects.

Japan Residential Property

Tokyo residential property market remains robust. The Group monitors the Tokyo residential market carefully and selects investment sites for our ALERO projects prudently so as to maximise returns while minimising risks to the Group. On the other hand, the Group is exploring various property asset management opportunities in Japan to expand new income source.

Hotel Operation

The Group is working to capitalise on Hotel Vista brand name and good service standards to deliver better returns from hotel operations.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/ recommended, a statement to that effect.

No dividend has been declared/ recommended by the Directors for the third quarter ended 30 September 2019.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate (excluding transactions less than S\$100,000) pursuant to Rule 920 US\$'000
Yamasa Co., Ltd (and its associates)	1,361.7

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.


BY THE ORDER OF THE BOARD

Michio Tanamoto
Chairman and CEO
14 November 2019

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter ended 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors



Michio Tanamoto
Chairman and CEO

Date: 14 November 2019