



UNI-ASIA GROUP LIMITED

Company Registration No: 201801284Z
Incorporated in the Republic of Singapore

FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND 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	2 nd Quarter			Half year ended 30 June		
		2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Charter Income	8(i)	9,107	9,496	(4%)	18,209	19,680	(7%)
Fee income	8(ii)	1,777	1,614	10%	4,313	4,023	7%
Hotel income	8(iii)	20,397	15,184	34%	39,006	28,010	39%
Investment returns	8(iv)	4,122	2,354	75%	5,696	1,457	N/M
Interest income		239	207	15%	462	408	13%
Other income		114	244	(53%)	283	1,071	(74%)
Total income		35,756	29,099	23%	67,969	54,649	24%
Employee benefits expenses		(4,636)	(4,404)	5%	(9,223)	(8,546)	8%
Amortisation and depreciation		(2,577)	(2,578)	(0%)	(5,240)	(5,273)	(1%)
Depreciation of right-of-use assets ¹		(5,371)	-	N/M	(10,589)	-	N/M
Vessel operating expenses		(4,432)	(4,682)	(5%)	(8,421)	(9,023)	(7%)
Hotel lease expenses		(2,413)	(4,664)	(48%)	(4,147)	(8,720)	(52%)
Hotel operating expenses		(9,151)	(7,523)	22%	(18,072)	(13,576)	33%
(Loss)/ gain on disposal of property, plant and equipment		(5)	(2)	150%	4,226	110	N/M
Reversal of impairment of property, plant and equipment		-	56	(100%)	-	3,107	(100%)
Net foreign exchange (loss)/ gain		(357)	811	(144%)	(304)	(311)	(2%)
Other expenses		(1,164)	(1,576)	(26%)	(2,452)	(2,727)	(10%)
Total operating expenses		(30,106)	(24,562)	23%	(54,222)	(44,959)	21%
Operating profit		5,650	4,537	25%	13,747	9,690	42%
Finance costs – interest expense		(1,354)	(1,531)	(12%)	(2,745)	(2,932)	(6%)
Finance costs – lease interest ¹		(1,159)	-	N/M	(2,332)	-	N/M
Finance costs – others		(48)	(95)	(49%)	(220)	(231)	(5%)
Share of results of an associate		(32)	-	N/M	(32)	-	N/M
Allocation to Tokumei Kumiai ² investors		68	145	(53%)	(1,536)	(31)	N/M
Profit before tax		3,125	3,056	2%	6,882	6,496	6%
Income tax expense		(29)	(29)	0%	(131)	(153)	(14%)
Profit for the period		3,096	3,027	2%	6,751	6,343	6%
Attributable to:							
Owners of the parent		2,964	1,952	52%	6,447	5,134	26%
Non-controlling interests		132	1,075	(88%)	304	1,209	(75%)
		3,096	3,027	2%	6,751	6,343	6%

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.

	2 nd Quarter			Half year ended 30 June		
	2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Profit for the period	3,096	3,027	2%	6,751	6,343	6%
Other comprehensive income for the period, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	494	(1,066)	146%	511	190	169%
Net movement on cash flow hedges	(659)	135	N/M	(1,298)	660	N/M
Other comprehensive (expense)/ income for the period, net of tax	(165)	(931)	(82%)	(787)	850	(193%)
Total comprehensive income for the period	2,931	2,096	40%	5,964	7,193	(17%)
Attributable to:						
Owners of the parent	2,829	1,037	173%	5,718	5,973	(4%)
Non-controlling interests	102	1,059	(90%)	246	1,220	(80%)
	2,931	2,096	40%	5,964	7,193	(17%)

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 June 2019 US\$'000	31 December 2018 US\$'000	30 June 2019 US\$'000	31 December 2018 US\$'000
ASSETS				
Non-current assets				
Investment properties	17,510	16,248	-	-
Investments	32,299	28,914	-	-
Investment in subsidiary	-	-	109,276	109,276
Intangible assets	3	25	-	-
Property, plant and equipment	173,052	177,893	-	-
Right-of-use assets	266,072	-	429	-
Rental deposit	6,991	7,083	-	-
Derivative financial instruments	-	209	-	-
Finance lease receivable	7,383	7,397	-	-
Accounts receivable	330	730	-	-
Deferred tax assets	42	120	-	-
Total non-current assets	503,682	238,619	109,705	109,276
Current assets				
Investments	9,008	9,204	-	-
Loans receivable	1,200	51	-	-
Derivative financial instruments	214	473	-	-
Finance lease receivable	413	393	-	-
Accounts receivable	6,550	6,434	-	-
Amounts due from subsidiaries	-	-	3,695	2,001
Prepayments, deposits and other receivables	8,490	9,700	324	390
Tax recoverable	1,017	229	-	-
Asset held for sale	-	22,423	-	-
Deposits pledged as collateral	2,843	3,236	-	-
Cash and bank balances	48,388	43,462	1,770	948
Total current assets	78,123	95,605	5,789	3,339
Total assets	581,805	334,224	115,494	112,615

NOTES:

The Group's non-current assets increased by \$265.1 million from \$238.6 million on 31 December 2018 to \$503.7 million on 30 June 2019. This was mainly due to the recognition of right-of-use assets of \$266.1 million as at 30 June 2019 following the adoption of *IFRS 16 Leases* on 1 January 2019. Investments increased by \$3.4 million mainly due to fair valuation gain recognised for the 3rd Hong Kong property project investment.

Current assets decreased by \$17.5 million from \$95.6 million on 31 December 2018 to \$78.1 million on 30 June 2019 mainly due to the disposal of a hotel asset under asset held for sale in 1Q2019, which balance was \$22.4 million as at 31 December 2018. This hotel asset was re-classified from property, plant and equipment under non-current assets to asset held for sale under current assets as at 31 December 2018. Loan receivable increased by \$1.1 million following short-term loans provided to ship investments.

	Group		Company	
	30 June 2019 US\$'000	31 December 2018 US\$'000	30 June 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	12,772	18,667	233	3,035
Hedging reserve	(536)	695	-	-
Exchange reserve	2,000	1,498	-	-
Capital reserve	(2,899)	(2,899)	-	-
Total equity attributable to owners of the parent	124,511	127,237	113,407	112,311
Non-controlling interests	6,110	6,095	-	-
Total equity	130,621	133,332	113,407	112,311
LIABILITIES				
Non-current liabilities				
Borrowings	90,780	111,525	-	-
Lease liabilities	256,115	-	351	-
Derivative financial instruments	719	306	-	-
Deferred tax liabilities	510	510	-	-
Other payables	83	79	-	-
Provision for onerous contract	-	3,659	-	-
Total non-current liabilities	348,207	116,079	351	-
Current liabilities				
Borrowings	64,375	69,193	-	-
Lease liabilities	25,619	-	90	-
Due to Tokumei Kumiai investors	1,772	2,307	-	-
Derivative financial instruments	430	192	-	-
Accounts payable	3,720	4,204	-	-
Amount due to subsidiary	-	-	265	10
Other payables and accruals	5,843	7,666	219	294
Provision for onerous contract	-	1,033	-	-
Income tax payable	56	218	-	-
Dividend payable	1,162	-	1,162	-
Total current liabilities	102,977	84,813	1,736	304
Total liabilities	451,184	200,892	2,087	304
Total equity and liabilities	581,805	334,224	115,494	112,615

NOTES:

Total liabilities increased by \$250.3 million from \$200.9 million on 31 December 2018 to \$451.2 million on 30 June 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, accounts payable, as well as other payables and accruals. With the adoption of *IFRS 16 Leases* from 1 January 2019, non-current lease liabilities of \$256.1 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 June 2019 was \$155.2 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.

Current liabilities exceeded current assets by \$24.9 million as at 30 June 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 June 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	49,257	15,118	55,857	13,336
Amount repayable after one year	75,603	15,177	99,839	11,686
Total	124,860	30,295	155,696	25,022

Details of any collateral

The Group's borrowings as at 30 June 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	Half year ended 30 June	
		2019 US\$'000	2018 US\$'000
Cash flows from operating activities			
Profit before tax		6,882	6,496
Adjustments for:			
Investment returns		(5,696)	(1,457)
Amortisation and depreciation		5,240	5,273
Depreciation of right-of-use assets		10,589	-
Gain on disposal of property, plant and equipment		(4,226)	(110)
Reversal of impairment of property, plant and equipment		-	(3,107)
Reversal of impairment for accounts receivable (<i>IFRS 9</i>)		(1)	(3)
Net foreign exchange loss		304	311
Interest income		(462)	(408)
Finance costs – interest expense		2,745	2,932
Finance costs – lease interest		2,332	-
Finance costs – others		220	231
Share of results of an associate		32	-
Allocation to Tokumei Kumiai investors		1,536	31
Operating cash flows before changes in working capital		19,495	10,189
Changes in working capital:			
Net change in accounts receivable		393	(116)
Net change in prepayments, deposits and other receivables		(455)	(242)
Net change in accounts payable		(509)	(701)
Net change in other payables, accruals and deferred income		118	(1,749)
Cash flows generated from operations		19,042	7,381
Interest received on bank balances		157	114
Tax (paid)/ reimbursed		(979)	615
Net cash flows generated from operating activities	[A]	18,220	8,110
Cash flows from investing activities			
Purchase of investment properties		(4,951)	(3,572)
Purchase of investments		(1,595)	(4,388)
Proceeds from sale of an investment property		4,727	-
Proceeds from redemption/ sale of investments		3,043	5,451
Deconsolidation of consolidated entity		(1,886)	-
Proceeds from finance lease		196	187
Hotel lease deposit refund/ (payment)		295	(1,654)
Deposits for small residential projects payment		-	(92)
Purchase of property, plant and equipment		(437)	(962)
Proceeds from disposal of property, plant and equipment		27,581	14,527
Net (redemption)/ contribution from Tokumei Kumiai investors		(681)	546
Net loans advanced		(1,149)	(140)
Interest received from loans and finance leases		255	262
Net decrease/ (increase) in deposits pledged as collateral		396	(249)
Income proceeds from investments		118	343
Settlement of derivative financial instruments		-	(59)
Proceeds from property rental		312	429
Net cash flows generated from investing activities	[B]	26,224	10,629

	Note	Half year ended 30 June	
		2019 US\$'000	2018 US\$'000
Cash flows from financing activities			
Net proceeds from issue of shares		4,017	-
Proceeds from borrowings		8,107	6,850
Repayment of borrowings		(34,953)	(22,403)
Interest and other finance cost paid		(2,856)	(2,920)
Lease principal paid		(9,390)	-
Lease interest paid		(2,332)	-
Dividend paid		(2,693)	(2,218)
Net cash flows used in financing activities	[C]	(40,100)	(20,691)
Net increase/ (decrease) in cash and bank balances		4,344	(1,952)
Movements in cash and bank balances:			
Cash and bank balances at beginning of the period		43,462	40,556
Net increase/ (decrease) in cash and bank balances		4,344	(1,952)
Effects of foreign exchange rate changes, net		582	257
Cash and bank balances at end of the period		48,388	38,861

NOTES:

The Group's cash and bank balances increased by \$4.9 million in 1H2019 after the effects of foreign exchange rate changes mainly due to the followings:

[A] Cash flows generated from operating activities amounted to \$18.2 million for 1H2019 compared to \$8.1 million for 1H2018. 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 \$26.2 million for 1H2019.

Main cash inflows from investing activities include:

- i) proceeds from disposal of a hotel which was classified under property, plant and equipment of \$27.6 million;
- ii) proceeds from redemption/sale of investments of \$3.0 million, of which \$1.9 million pertained to small residential property projects (ALERO projects) and \$1.1 million pertained to ship investment; and
- iii) proceeds from sale of an investment property (ALERO project) of \$4.7 million.

Main cash outflows from investing activities include:

- i) investment in investment properties (ALERO projects) of \$5.0 million;
- ii) cash outflow of \$1.9 million as a result of deconsolidation of a consolidated Godo Kaisha entity;
- iii) purchase/ additional funding of investments of \$1.6 million, of which \$1.1 million pertains to the Group's small residential property investment, ALERO series; and
- iv) net loans advance of \$1.1 million.

[C] Cash flows used in financing activities were \$40.1 million in 1H2019.

Main cash outflows from financing activities include:

- i) repayments of borrowings offset by new borrowings in 1H2019; and
- ii) fixed lease payments classified as lease principal paid (amounting to \$9.4 million) and lease interest paid (amounting to \$2.3 million) under cash flows from financing activities in 1H2019 following the adoption of *IFRS 16 Leases*; and
- iii) dividend of \$2.7 million for FY2018 approved in AGM paid in 2Q2019.

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	-	5,134	-	-	-	5,134	1,209	6,343
Other comprehensive income	-	-	626	213	-	839	11	850
Total comprehensive income	-	5,134	626	213	-	5,973	1,220	7,193
Distribution to owners – FY2017 dividend	-	(2,218)	-	-	-	(2,218)	-	(2,218)
At 30 June 2018	109,276	22,575	1,569	1,586	(2,907)	132,099	8,826	140,925
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	-	6,447	-	-	-	6,447	304	6,751
Other comprehensive (expense)/ income	-	-	(1,231)	502	-	(729)	(58)	(787)
Total comprehensive income/ (expense)	-	6,447	(1,231)	502	-	5,718	246	5,964
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)
At 30 June 2019	113,174	12,772	(536)	2,000	(2,899)	124,511	6,110	130,621

Company	Share capital US\$'000	Retained earnings/ Accumulated losses US\$'000	Total equity US\$'000
At 1 January 2018	109,276	2,332	111,608
Loss for the period	-	(201)	(201)
Total comprehensive expense	-	(201)	(201)
Distribution to owners – FY2017 dividend	-	(2,218)	(2,218)
At 30 June 2018	109,276	(87)	109,189
At 1 January 2019	109,276	3,035	112,311
Profit for the period	-	1,032	1,032
Total comprehensive income	-	1,032	1,032
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 June 2019	113,174	233	113,407

- 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 June 2019, 31 December 2018 and 30 June 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.**

	As at 30 June 2019	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 June 2019 and income statement for the period ended 30 June 2019.

	US\$'000
Balance sheet:	
Non-current assets	
Right-of-use assets	266,072
Non-current liabilities	
Lease liabilities	256,115
Current liabilities	
Lease liabilities	25,619
Income statement:	
Depreciation of right-of-use assets	10,589
Finance costs – lease interest	2,332

An adjustment of US\$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.

	2nd Quarter			Half year ended 30 June		
	2019	Adjusted 2018 ⁽¹⁾	2018	2019	Adjusted 2018 ⁽¹⁾	2018
Profit attributable to owners of the parent (US\$'000)	2,964	1,952	1,952	6,447	5,134	5,134
Weighted average number of ordinary shares in issue ('000)	78,332	70,469	46,979	74,422	70,469	46,979
Earnings per share (US cents per share) - basic and diluted	3.78	2.77	4.16	8.66	7.29	10.93

⁽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 June 2019	31 December 2018
Net asset value per ordinary share based on issued share capital (in US\$)	1.66 ⁽¹⁾	2.84 ⁽²⁾

⁽¹⁾ Based on issued share capital of 78,599,987 issued shares as at 30 June 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 \$68.0 million for 1H2019, a 24% increase from 1H2018. 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 \$19.7 million in 1H2018 to \$18.2 million in 1H2019. The total number of wholly-owned/majority-owned ships contributing to the Group's charter income was 11 for 1H2019 compared to 12 for 1H2018 as a vessel was disposed in April 2018. In addition, overall dry bulk market was weak in 1H2019 due to several factors including Brazilian dam disaster, weak grain trade and Japan steel production. The weak dry bulk market in 1H2019 affected the older 28,000 dwt dry bulk carriers which charter are on spot rate. The charter for the Group's sole wholly owned containership was also weaker in 1H2019 compared to 1H2018 due to uncertainties arising from trade war in 1H2019.

(ii) Fee Income

Breakdown of Fee Income:	2 nd Quarter			Half year ended 30 June		
	2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Asset management & administration fee	900	642	40%	1,630	1,132	44%
Arrangement and agency fee	653	566	15%	1,238	2,303	(46%)
Brokerage commission	168	129	30%	956	235	N/M
Incentive fee	56	277	(80%)	489	353	39%
	1,777	1,614	10%	4,313	4,023	7%

Total fee income, at \$4.3 million for 1H2019, represents a 7% increase from 1H2018. Asset management and administration fee increased by 44% 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 1H2019 was less than 1H2018 by 46% due to less arrangement deal transactions in 1H2019. Increase in brokerage commission was due to more brokerage commission deals closed in 1H2019. Incentive fees earned by subsidiary UACJ from meeting targets in managing Japan property projects increased to \$0.5 million in 1H2019.

(iii) Hotel Income

Number of rooms under operations were 2,515 as at 30 June 2019 as compared to 2,357 as at 30 June 2018. Hotel income increased by 39% from \$28.0 million in 1H2018 to \$39.0 million in 1H2019 due to more rooms under operations in 1H2019 and better performance of the hotel portfolio. In particular, Japan's unprecedented 10-day holiday from 27 April 2019 to 6 May 2019 boosted hotel income. Average occupancy rates for the Group's hotels increased to 82.0% for 1H2019 compared to 77.6% for 1H2018. Average daily room rate for 1H2019 increased by 7.3% compared to 1H2018.

(iv) Investment Returns

Breakdown of Investment Returns:	2 nd Quarter			Half year ended 30 June		
	2019 US\$'000	2018 US\$'000	% Change	2019 US\$'000	2018 US\$'000	% Change
Realised gain on investment property	155	-	N/M	646	-	N/M
Realised gain on investments						
- shipping	168	279	(40%)	442	343	29%
- small residential property projects	67	1	N/M	125	85	47%
- listed shares	26	-	N/M	26	-	N/M
Property rental income	142	242	(41%)	334	386	(13%)
Fair value adjustments on investments						
- shipping	-	(1,284)	(100%)	-	(2,665)	(100%)
- commercial office property projects	3,850	3,101	24%	4,202	3,064	37%
- small residential property projects	(111)	(21)	N/M	(40)	(32)	25%
- listed shares	(179)	36	N/M	(39)	321	(112%)
- others	4	-	N/M	-	-	N/M
Net adjustments on derivative financial instruments	-	-	N/M	-	(45)	N/M
	4,122	2,354	75%	5,696	1,457	N/M

Investment returns for 1H2019 was a gain of \$5.7 million compared to \$1.5 million for 1H2018.

Realised gain of ship and property investments contributed \$1.2 million to investment returns for 1H2019, while fair valuation gain from the Group's 2nd and 3rd Hong Kong commercial office property projects contributed \$4.2 million in investment returns for 1H2019.

Total Operating Expenses

The Group's employee benefit expenses and hotel operating expenses increased by 8% and 33% respectively in 1H2019 compared to 1H2018 due to 15 hotels under operations in 1H2019 compared to 14 hotels in 1H2018.

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 \$10.6 million in 1H2019 and decrease in hotel operating lease expenses by 52% from \$8.7 million in 1H2018 to \$4.1 million in 1H2019. Hotel operating lease expenses are in respect of leases of the Group that are outside the scope of *IFRS 16*.

In 1H2019, the Group disposed of a hotel held as PPE through a consolidated Godo Kaisha entity. The disposal resulted in a gain of \$4.2 million which was recognised as gain on disposal of PPE.

Due to the above factors, the Group's net operating expenses increased by 21% for 1H2019 compared to 1H2018.

Operating Profit

Operating profit of the Group increased by 42% from \$9.7 million for 1H2018 to \$13.7 million for 1H2019.

Finance costs and other costs

Interest on borrowings was \$2.7 million for 1H2019, a 6% decrease from 1H2018 as the Group pared down borrowings in 1H2019.

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 \$2.3 million in 1H2019. No lease interest expense was recorded in 1H2018 as the Group adopted *IFRS 16* on 1 January 2019.

The share of profit of \$1.5 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 \$6.8 million for 1H2019, a 6% increase from \$6.3 million in 1H2018.

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" July 2019 issue, 2H2019 bulkcarrier market may be better than 1H2019 following the lows seen in the beginning of 2019 due to the Vale dam disaster in Brazil in January 2019 and Cyclone Veronica in Australia. The impact of vessels taking time 'out of service' for scrubber retrofits and the return of some Brazilian iron ore volumes to the market are viewed as some of the key factors lending potential support. The recent increase in Baltic Handysize Index reflects these sentiments and could be positive for some of the Group's vessels which are on short term index-linked charter.

Hong Kong Property

While anti-extradition bill protests continue to take place in Hong Kong, it is still too early to conclude if the commercial property market would be adversely affected in the long run. The Group is monitoring the situation closely, in particular, the impact on the Hong Kong property market.

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

Japan's upcoming Rugby World Cup and Tokyo 2020 Olympics are some positive factors for Japan's hospitality industry. The Group will be opening one more hotel in December 2019 in Fukuoka and four more hotels in 2020. The Group is working to capitalise on Hotel Vista brand name and good service standards to deliver good returns from hotel operations.

Interim Dividend

On 8 April 2019, the Group announced that it intends to distribute dividends of not less than 35% of the Group's consolidated net profit after tax in respect of the financial year ending 31 December 2019. In line with this policy, the Board is pleased to declare an interim dividend of S\$0.02 per share payable on 27 September 2019.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes, S\$0.02 interim dividend per share.

(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

27 September 2019

(d) Books closure date

20 September 2019

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

Not applicable.

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)	907.6

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 August 2019

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

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

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Michio Tanamoto', written over a horizontal line.

Michio Tanamoto
Chairman and CEO

Date: 14 August 2019