



## UNI-ASIA GROUP LIMITED

Company Registration No: 201701284Z  
Incorporated in the Republic of Singapore

### FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2017

#### 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.**

The Group completed a Restructuring Exercise on 26 May 2017 and Uni-Asia Group Limited was listed and quoted on the Main Board of the SGX-ST on 2 June 2017 while Uni-Asia Holdings Limited was delisted from the Main Board of the SGX-ST with effect from 2 June 2017. Please refer to Note 1(d)(ii) for further information. The figures for 2017 are that of Uni-Asia Group Limited and its subsidiaries while the comparative figures for 2016 are that of Uni-Asia Holdings Limited and its subsidiaries. This is on the basis that the Group is in existence in 2016, and that the net asset value of the Group is not materially different immediately before and after the Restructuring Exercise.

	Note	3 <sup>rd</sup> Quarter ("3Q")			9 Months ended 30 September ("9M")		
		2017 US\$'000	2016 US\$'000	% Change	2017 US\$'000	2016 US\$'000	% Change
Charter Income	8(i)	9,480	8,664	9%	27,493	25,223	9%
Fee income	8(ii)	872	1,830	(52%)	4,729	5,076	(7%)
Hotel income	8(iii)	13,468	12,411	9%	34,488	30,431	13%
Investment returns	8(iv)	1,083	(232)	N/M	5,448	1,371	297%
Interest income		221	177	25%	595	546	9%
Other income		294	106	177%	797	1,834	(57%)
<b>Total income</b>		<b>25,418</b>	<b>22,956</b>	<b>11%</b>	<b>73,550</b>	<b>64,481</b>	<b>14%</b>
Employee benefits expenses		(3,862)	(3,688)	5%	(11,282)	(10,633)	6%
Amortisation and depreciation		(2,483)	(2,823)	(12%)	(7,602)	(8,226)	(8%)
Vessel operating expenses		(4,270)	(4,780)	(11%)	(12,374)	(13,295)	(7%)
Hotel lease expenses		(5,018)	(4,663)	8%	(12,339)	(10,832)	14%
Hotel operating expenses		(5,597)	(4,933)	13%	(14,686)	(12,540)	17%
Other expenses		(1,688)	(1,119)	51%	(4,201)	(3,256)	29%
Net foreign exchange gain/ (loss)		20	(39)	N/M	(206)	(680)	(70%)
<b>Total operating expenses</b>		<b>(22,898)</b>	<b>(22,045)</b>	<b>4%</b>	<b>(62,690)</b>	<b>(59,462)</b>	<b>5%</b>
<b>Operating profit</b>		<b>2,520</b>	<b>911</b>	<b>177%</b>	<b>10,860</b>	<b>5,019</b>	<b>116%</b>
Finance costs – interest expense		(1,354)	(1,323)	2%	(3,984)	(3,733)	7%
Finance costs – others		(70)	(62)	13%	(226)	(247)	(9%)
Allocation to Tokumei Kumiai <sup>A</sup> investors		(768)	20	N/M	(623)	114	N/M
<b>Profit/ (loss) before tax</b>		<b>328</b>	<b>(454)</b>	<b>N/M</b>	<b>6,027</b>	<b>1,153</b>	<b>N/M</b>
Income tax expense		(161)	(265)	(39%)	(339)	(660)	(49%)
<b>Profit/ (loss) for the period</b>		<b>167</b>	<b>(719)</b>	<b>N/M</b>	<b>5,688</b>	<b>493</b>	<b>N/M</b>
Attributable to:							
Owners of the parent		33	(777)	N/M	4,846	(542)	N/M
Non-controlling interests		134	58	131%	842	1,035	(19%)
		<b>167</b>	<b>(719)</b>	<b>N/M</b>	<b>5,688</b>	<b>493</b>	<b>N/M</b>

<sup>A</sup> 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 <sup>rd</sup> Quarter ("3Q")			9 Months ended 30 September ("9M")		
	2017 US\$'000	2016 US\$'000	% Change	2017 US\$'000	2016 US\$'000	% Change
Profit/ (loss) for the period	167	(719)	N/M	5,688	493	N/M
Other comprehensive income/ (expense) for the period, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	8	(93)	N/M	815	2,705	(70%)
Net movement on cash flow hedges	134	150	(11%)	165	(16)	N/M
Other comprehensive income for the period, net of tax	142	57	149%	980	2,689	(64%)
Total comprehensive income/ (expense) for the period	309	(662)	N/M	6,668	3,182	110%
Attributable to:						
Owners of the parent	165	(762)	N/M	5,845	2,121	176%
Non-controlling interests	144	100	44%	823	1,061	(22%)
	309	(662)	N/M	6,668	3,182	110%

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.**

The Group completed a Restructuring Exercise on 26 May 2017. Please refer to Note 1(d)(ii) for further information. As Uni-Asia Group Limited was incorporated on 12 January 2017, there is no comparative company level balance sheet of Uni-Asia Group Limited as at 31 December 2016. As such, the comparative company level balance sheet as at 31 December 2016 is that of Uni-Asia Holdings Limited, the holding company of the Group prior to the Restructuring Exercise.

	<b>Group: Uni-Asia Group Limited</b>		<b>Company: Uni-Asia Group Limited</b>	<b>Company: Uni-Asia Holdings Limited</b>
	<b>30 September 2017 US\$'000</b>	<b>31 December 2016 US\$'000</b>	<b>30 September 2017 US\$'000</b>	<b>31 December 2016 US\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment properties	18,815	13,949	-	-
Investments	50,647	45,113	-	19,562
Investments in subsidiaries	-	-	109,276	72,849
Intangible assets	1	1	-	-
Property, plant and equipment	190,645	195,254	-	294
Loans receivable	-	2,050	-	2,050
Loans to subsidiaries	-	-	-	9,392
Rental deposit	4,336	3,150	-	-
Derivative financial instruments	266	329	-	588
Finance lease receivable	7,750	7,705	-	-
Accounts receivable	987	621	-	-
Deferred tax assets	55	46	-	-
<b>Total non-current assets</b>	<b>273,502</b>	<b>268,218</b>	<b>109,276</b>	<b>104,735</b>
<b>Current assets</b>				
Investments	1,616	2,402	-	-
Loans receivable	14,209	6,983	-	400
Loans to subsidiaries	-	-	-	19,301
Derivative financial instruments	108	17	-	357
Finance lease receivable	359	331	-	-
Accounts receivable	4,261	3,810	-	76
Amounts due from subsidiaries	-	-	-	486
Prepayments, deposits and other receivables	6,606	4,965	540	712
Tax recoverable	402	1,074	-	-
Deposits pledged as collateral	4,367	4,320	-	2,450
Cash and bank balances	29,673	35,552	43	8,700
<b>Total current assets</b>	<b>61,601</b>	<b>59,454</b>	<b>583</b>	<b>32,482</b>
<b>Total assets</b>	<b>335,103</b>	<b>327,672</b>	<b>109,859</b>	<b>137,217</b>

**NOTES:-**

The Group's non-current assets increased by 2% from \$268.2 million on 31 December 2016 to \$273.5 million on 30 September 2017. This was mainly due to additional construction cost and fair valuation adjustments of existing investment properties; as well as additional funding and fair valuation adjustments of existing investments. Investment properties increased from \$13.9 million on 31 December 2016 to \$18.8 million on 30 September 2017. Investments increased from \$45.1 million on 31 December 2016 to \$50.6 million on 30 September 2017.

Current assets was \$61.6 million on 30 September 2017, an increase of 4% compared to the balance of \$59.5 million as at 31 December 2016. Current balance of loan receivable increased by \$7.2 million due to a short term loan extended to an investee company and the reclassification of a non-current loan receivable to current. Prepayments, deposits and other receivables increased by \$1.6 million due mainly to prepayment of ship related expenses. Cash and bank balances decreased by \$5.9 million in part due to the above-mentioned.

	<b>Group: Uni-Asia Group Limited</b>		<b>Company: Uni-Asia Group Limited</b>	<b>Company: Uni-Asia Holdings Limited</b>
	<b>30 September 2017 US\$'000</b>	<b>31 December 2016 US\$'000</b>	<b>30 September 2017 US\$'000</b>	<b>31 December 2016 US\$'000</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	109,276	75,167	109,276	75,167
Share premium	-	31,319	-	31,319
Retained earnings/ (accumulated losses)	18,296	14,460	(137)	3,800
Hedging reserve	533	353	-	-
Exchange reserve	1,344	525	-	-
Capital reserve	(2,907)	(117)	-	-
<b>Total equity attributable to owners of the parent</b>	<b>126,542</b>	<b>121,707</b>	<b>109,139</b>	<b>110,286</b>
Non-controlling interests	5,008	4,185	-	-
<b>Total equity</b>	<b>131,550</b>	<b>125,892</b>	<b>109,139</b>	<b>110,286</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	118,735	131,125	-	8,700
Derivative financial instruments	240	258	-	588
Deferred tax liabilities	527	504	-	-
Deferred income	99	973	-	-
Other payables	77	78	-	-
Provision for onerous contract	1,907	2,140	-	-
<b>Total non-current liabilities</b>	<b>121,585</b>	<b>135,078</b>	<b>-</b>	<b>9,288</b>
<b>Current liabilities</b>				
Borrowings	70,122	54,291	-	16,072
Due to Tokumei Kumiai investors	2,126	1,007	-	-
Derivative financial instruments	201	340	-	357
Accounts payable	2,867	2,961	662	-
Amounts due to subsidiaries	-	-	58	512
Other payables and accruals	6,227	5,874	-	702
Provision for onerous contract	398	1,335	-	-
Income tax payable	27	894	-	-
<b>Total current liabilities</b>	<b>81,968</b>	<b>66,702</b>	<b>720</b>	<b>17,643</b>
<b>Total liabilities</b>	<b>203,553</b>	<b>201,780</b>	<b>720</b>	<b>26,931</b>
<b>Total equity and liabilities</b>	<b>335,103</b>	<b>327,672</b>	<b>109,859</b>	<b>137,217</b>

**NOTES:**

Total liabilities increased to \$203.6 million on 30 September 2017 from \$201.8 million on 31 December 2016 due mainly to increase in borrowings for property and ship related investments.

Current assets increased by 4% compared to the balance as at 31 December 2016, while current liabilities increased by 23% mainly due to increase in current portion of borrowings by \$15.8 million, and increase in amount due to Tokumei Kumiai investors by \$1.1 million. Accordingly, current liabilities exceeded current assets by \$20.4 million as at 30 September 2017.

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

	As at 30 September 2017		As at 31 December 2016	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	40,101	30,021	28,184	26,107
Amount repayable after one year	102,861	15,874	118,076	13,049
Total	142,962	45,895	146,260	39,156

**Details of any collateral**

The Group's borrowings 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
- a legal mortgage over a freehold property under the category of "Property, plant and equipment" of a subsidiary

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	
		2017 US\$'000	2016 US\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		6,027	1,153
Adjustments for:			
Investment returns		(5,448)	(1,371)
Amortisation and depreciation		7,602	8,226
Realisation of negative goodwill arising on acquisition of a subsidiary		-	(1,538)
Gain on disposal of property, plant and equipment		(1)	(1)
Reversal of provision for accounts receivable		-	(104)
Share based compensation		-	147
Net foreign exchange loss		206	680
Interest income		(595)	(546)
Finance costs – interest expense		3,984	3,733
Finance costs – others		226	247
Allocation to Tokumei Kumiai investors		623	(114)
Operating cash flows before changes in working capital		12,624	10,512
Changes in working capital:			
Net change in accounts receivable		(708)	(174)
Net change in prepayments, deposits and other receivables		(1,245)	878
Net change in accounts payable		(187)	(268)
Net change in other payables, accruals and deferred income		(2,483)	452
Cash flows generated from operations		8,001	11,400
Interest received on bank balances		91	92
Tax paid		(529)	(853)
Net cash flows generated from operating activities	[A]	7,563	10,639
<b>Cash flows from investing activities</b>			
Purchase of investment properties		(9,392)	(7,592)
Purchase of investments		(7,565)	(9,333)
Proceeds from sale of investment properties		7,935	3,007
Proceeds from redemption/ sale of investments		3,946	14,233
Net cash inflow on acquisition of an investment		-	1
Deconsolidation of consolidated entities		-	(1,016)
Investment in finance lease		258	241
Hotel lease deposit		(1,147)	(181)
Deposits for small residential projects		(108)	(272)
Deposits refunded for purchase of vessels		-	6,846
Purchase of property, plant and equipment		(2,547)	(25,832)
Proceeds from disposal of property, plant and equipment		2	15,840
Contribution from Tokumei Kumiai investors		2,323	475
Redemption of Tokumei Kumiai investors		(1,855)	(560)
Loans advanced		(5,702)	(11,980)
Loans repaid		450	3,300
Interest received from loans		448	501
Net decrease/ (increase) in deposits pledged as collateral		39	(406)
Proceeds from investments		197	285

	Note	9 Months ended 30 September	
		2017 US\$'000	2016 US\$'000
Settlement of derivative financial instruments		(149)	(1,721)
Proceeds from property rental		1,320	31
Net cash flows used in investing activities	[B]	(11,547)	(14,133)
<b>Cash flows from financing activities</b>			
New borrowings		26,006	44,222
Repayment of borrowings		(23,452)	(36,598)
Interest paid on borrowings		(3,952)	(3,618)
Other finance cost paid		(182)	(338)
Dividend paid		(1,010)	(2,185)
Net cash flows (used in)/ generated from financing activities	[C]	(2,590)	1,483
Net decrease in cash and bank balances		(6,574)	(2,011)
Movements in cash and bank balances:			
Cash and bank balances at beginning of the period		35,552	30,334
Net decrease in cash and bank balances		(6,574)	(2,011)
Effects of foreign exchange rate changes, net		695	3,988
Cash and bank balances at end of the period		29,673	32,311

NOTES:

The Group's cash and bank balances decreased by \$6.6 million in 9M2017 mainly due to the followings:

- [A] Cash flows generated from operating activities amounted to \$7.6 million for 9M2017, mainly due to contribution from ship charter income.
- [B] Cash flows used in investing activities were \$11.5 million for 9M2017 mainly due to outflows from additional funding of investment properties (\$9.4 million) and investments (\$7.6 million), payment of hotel lease deposit (\$1.1 million), payment of dry-docking expenses capitalised under property, plant and equipment (\$2.5 million) and a loan extended to an investee company (\$5.7 million), offset by inflows from proceeds from sale of an investment property (\$7.9 million) and proceeds from redemption/sale of investments (\$3.9 million).
- [C] Cash flows used in financing activities were \$2.6 million in 9M2017 mainly due to scheduled repayments of borrowings offset by new borrowings and refinancing of existing borrowings in 9M2017. Dividend for FY2016 approved in AGM was paid in 2Q2017.

**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.**

The Group completed a Restructuring Exercise on 26 May 2017. Please refer to Note 1(d)(ii) for further information.

<b>Group: Uni-Asia Group Limited</b>	<b>Share capital US\$'000</b>	<b>Share premium US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Hedging reserve US\$'000</b>	<b>Exchange reserve US\$'000</b>	<b>Share based compensation reserve US\$'000</b>	<b>Capital reserve US\$'000</b>	<b>Total equity attributable to owners of the parent US\$'000</b>	<b>Non-controlling interests US\$'000</b>	<b>Total equity US\$'000</b>
At 1 January 2016	75,167	31,319	30,811	(14)	875	32	(117)	138,073	2,101	140,174
(Loss)/ profit for the period	-	-	(542)	-	-	-	-	(542)	1,035	493
Other comprehensive (expense)/ income	-	-	-	(34)	2,697	-	-	2,663	26	2,689
Total comprehensive (expense)/ income	-	-	(542)	(34)	2,697	-	-	2,121	1,061	3,182
Accrual of share based compensation	-	-	-	-	-	147	-	147	-	147
Distribution to owners - Dividend in respect of 2015	-	-	(2,185)	-	-	-	-	(2,185)	-	(2,185)
At 30 September 2016	75,167	31,319	28,084	(48)	3,572	179	(117)	138,156	3,162	141,318
At 1 January 2017	75,167	31,319	14,460	353	525	-	(117)	121,707	4,185	125,892
Profit for the period	-	-	4,846	-	-	-	-	4,846	842	5,688
Other comprehensive income/ (expense)	-	-	-	180	819	-	-	999	(19)	980
Total comprehensive income	-	-	4,846	180	819	-	-	5,845	823	6,668
Adjustments to equity arising from restructuring	34,109	(31,319)	-	-	-	-	(2,790)	-	-	-
Distribution to owners - Dividend in respect of 2016	-	-	(1,010)	-	-	-	-	(1,010)	-	(1,010)
At 30 September 2017	109,276	-	18,296	533	1,344	-	(2,907)	126,542	5,008	131,550

<b>Company: Uni-Asia Group Limited</b>	<b>Share capital US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Total equity US\$'000</b>
At date of incorporation on 12 January 2017	-	-	-
Loss for the period	-	(137)	(137)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(137)	(137)
Issuance of shares	109,276	-	109,276
At 30 September 2017	109,276	(137)	109,139

<b>Company: Uni-Asia Holdings Limited</b>	<b>Share capital US\$'000</b>	<b>Share premium US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Hedging reserve US\$'000</b>	<b>Share based compensation reserve US\$'000</b>	<b>Total equity US\$'000</b>
At 1 January 2016	75,167	31,319	4,789	(1)	32	111,306
Profit for the period	-	-	2,478	-	-	2,478
Other comprehensive income	-	-	-	1	-	1
Total comprehensive income	-	-	2,478	1	-	2,479
Accrual of share based compensation	-	-	-	-	147	147
Distribution to owners – Dividend in respect of 2015	-	-	(2,185)	-	-	(2,185)
At 30 September 2016	75,167	31,319	5,082	-	179	111,747



- 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.**

Uni-Asia Group Limited (the “Company”) was incorporated on 12 January 2017 with an issued and paid-up share capital of US\$1.00, comprising one ordinary share (“Share”). On 26 May 2017, the Company completed the acquisition of all of the shares in the capital of Uni-Asia Holdings Limited pursuant to the restructuring exercise (the “Restructuring Exercise”) undertaken by the Company by way of a scheme of arrangement under Section 86 of the Companies Law (2016 Revision) of the Cayman Islands (the “Scheme”). In connection with the Restructuring Exercise and the Scheme, 46,979,279 Shares (“Scheme Shares”) were allotted and issued by the Company to the shareholders of Uni-Asia Holdings Limited on 26 May 2017. Following the allotment and issuance of the Scheme Shares, the total issued share capital of the Company increased from one Share to 46,979,280 Shares. The Company has no outstanding instruments that are convertible into shares or any treasury shares. Following the completion of the Restructuring Exercise, the Company was listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 2 June 2017 and Uni-Asia Holdings Limited was delisted from the Main Board of the SGX-ST with effect from 2 June 2017.

The share capital of the Company as at 30 September 2017 remained the same as compared to that as at 30 June 2017.

- 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.**

	<b>Uni-Asia Group Limited As at 30 September 2017</b>	<b>Uni-Asia Holdings Limited As at 31 December 2016</b>
Total number of issued shares	46,979,280	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 2016.

- 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.**

There are no significant changes to the 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 2016. The adoptions of the new or revised IFRSs that are effective for the annual period beginning 1 January 2017 do not have a significant impact on the Group's results of operations and financial position.

- 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 <sup>rd</sup> Quarter		9 Months ended 30 September	
	2017	2016	2017	2016
Profit/ (loss) attributable to owners of the parent (US\$'000)	33	(777)	4,846	(542)
Weighted average number of ordinary shares in issue ('000) [see Note (i)]	46,979	46,979	46,979	46,979
Earnings/ (loss) per share (US cents per share) - basic and diluted	0.07	(1.65)	10.32	(1.15)

Note (i): Total number of issued shares remains the same at 46,979,280 ordinary shares before and after the restructuring.

- 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 2017	31 December 2016
Net asset value per ordinary share based on issued share capital (in US\$)	2.80	2.68

- 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 \$73.6 million for 9M2017, a 14% increase from 9M2016. 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 increased by 9% from \$25.2 million in 9M2016 to \$27.5 million in 9M2017. Besides better spot charter rates for the Group's portfolio of ships under short term charter, one main factor is the inclusion of charter income of the vessel under Joule Asset Management (Pte.) Limited ("Joule") in 9M2017, but only from 2Q2016 for 9M2016. This is because Joule became a subsidiary of the Group on 31 March 2016 and its charter income was consolidated from 2Q2016 for 9M2016.

(ii) Fee Income

Breakdown of Fee Income:	3Q			9M		
	2017 US\$'000	2016 US\$'000	% Change	2017 US\$'000	2016 US\$'000	% Change
Asset management & administration fee	512	540	(5%)	1,632	1,726	(5%)
Arrangement and agency fee	214	625	(66%)	2,662	2,222	20%
Brokerage commission	93	111	(16%)	367	310	18%
Incentive fee	53	554	(90%)	68	818	(92%)
	872	1,830	(52%)	4,729	5,076	(7%)

Total fee income decreased by 7% to \$4.7 million in 9M2017 from \$5.1 million in 9M2016. Fewer deals for 3Q2017 resulted in lower arrangement and agency fee income. Fewer disposal of assets under management resulted in lower incentive fee for 3Q2017.

(iii) Hotel Income

The Group started operating 232-room Hotel Vista Premio Yokohama Minato-Mirai from 30 June 2017 and 143-room Hotel Vista Nagoya Nishiki from 1 September 2017. On the other hand, the hotel operating contract for 141-room Hotel Vista Premio Dojima in Osaka ended on 31 July 2017. Average occupancy rates of the hotels were slightly lower in 9M2017 compared to 9M2016 but average daily rates remained strong. Hotel Income increased by 13% from \$30.4 million in 9M2016 to \$34.5 million in 9M2017.

(iv) Investment Returns

Breakdown of Investment Returns:	3Q			9M		
	2017 US\$'000	2016 US\$'000	% Change	2017 US\$'000	2016 US\$'000	% Change
Realised gain on investment properties	2,169	412	N/M	2,169	822	164%
Realised gain/ (loss) on investments						
- shipping	65	72	(10%)	197	164	20%
- hotel and residential	-	(16)	(100%)	-	(16)	(100%)
- small residential property developments	249	2,898	(91%)	257	3,742	(93%)
- distressed debt	-	-	N/M	-	122	(100%)
- listed shares	324	-	N/M	691	-	N/M
Property rental income	246	67	267%	637	67	N/M
Fair value adjustment on investment properties	7	(460)	N/M	1,164	(832)	N/M
Fair value adjustment on investments						
- shipping	(1,442)	(1,378)	5%	(1,911)	(4,698)	(59%)
- commercial office building	(4)	1	N/M	2,106	2,709	(22%)
- hotel and residential	(27)	7	N/M	(37)	25	N/M
- small residential property developments	(315)	(2,145)	(85%)	(16)	1,245	N/M
- listed shares	(207)	(1)	N/M	322	(10)	N/M
Net gain/ (loss) on derivative financial instruments	18	311	(94%)	(131)	(1,969)	(93%)
	1,083	(232)	N/M	5,448	1,371	297%

In 3Q2017, realised gain on investment property of \$2.2 million for a small residential property project helped to offset additional net fair valuation loss of \$1.4 million booked mainly for tanker and containership investments. Investment returns for 3Q2017 was \$1.1 million compared to negative investment returns of \$0.2 million in 3Q2016.

Investment returns for 9M2017 was \$5.4 million compared to \$1.4 million in 9M2016.

**Total Operating Expenses**

While the Group's total income increased by 14%, the Group's total operating expenses increased by a lower rate of 5% from \$59.5 million in 9M2016 to \$62.7 million in 9M2017. Employee benefits expenses, hotel lease expenses and hotel operating expenses increased in line with the increase in the number of hotels under operations.

Impairment booked in FY2016 resulted in lower depreciation expense for 9M2017, while onerous contract provisions taken by the Group in FY2016 lowered vessel operating expenses for 9M2017.

## **Operating Profit**

Operating profit of the Group was \$10.9 million for 9M2017, an increase of 116% compared to \$5.0 million for 9M2016. Operating profit for 3Q2017 was \$2.5 million compared to \$0.9 million for 3Q2016.

## **Net Profit After Tax**

The Group posted a net profit after tax of \$5.7 million for 9M2017, as compared to \$0.5 million for 9M2016. Net profit after tax of \$0.2 million in 3Q2017 compared favourably to a loss of \$0.7 million in 3Q2016.

**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.**

The Baltic Dry Index was 961 as at end of 2016 and reached 1,356 as at end of September 2017, an indication that the dry bulk market is improving. Although 2017's market charter rates are better than one year ago, there is still much room for improvement. According to Clarksons Report, 2017's handysize bulkers' deliveries is expected to be around 5.4 million dwt, while the orderbooks for handysize bulkers for 2018 and 2019 are 2.6 million dwt and 1.0 million dwt respectively. If the demand in dry bulk market maintains or improves, while other economic factors remain positive, the dry bulk market could see better days ahead. On the other hand, the outlook for tanker and containership market is not as good as the dry bulk market. Should the containership's charter/resale market rates stay below historical average level, the Group may need to take further downward fair valuation adjustments for the containership investments in the Group's portfolio.

Meanwhile, the property and hotel markets in which the Group operates remain robust. The Group's second Hong Kong commercial office property investment's construction is on schedule. The Group expects to exit and receive proceeds from this investment by mid-2018.

**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 2017.

- 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)	1,207

- 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 2017

**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 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors



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Michio Tanamoto  
Chairman and CEO



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Masaki Fukumori  
COO

Date: 14 November 2017