

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

As at the date of this announcement, the board of directors of Guoco Group Limited comprises Mr. Kwek Leng Hai as Executive Chairman; Mr. Tang Hong Cheong as President & CEO; Mr. Kwek Leng San as Non-executive Director and Mr. Volker Stoeckel, Mr. Roderic N. A. Sage and Mr. David Michael Norman as Independent Non-executive Directors.

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ ManagerGL LIMITED

SecuritiesGL LIMITED - BMG392401094 - B16

Stapled SecurityNo

Announcement Details

Announcement TitleFinancial Statements and Related Announcement

Date & Time of Broadcast24-Oct-2019 17:31:20

StatusNew

Announcement Sub TitleFirst Quarter Results

Announcement ReferenceSG191024OTHR95F6

Submitted By (Co./ Ind. Name)Susan Lim

DesignationCompany Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)Please refer to the attachment.

Additional Details

For Financial Period Ended30/09/2019

Attachments

[SGX-FS%20Q1%202019%20Sep%2030.pdf](#)

Total size =551K MB



Unaudited Financial Statement And Related Announcement For First Quarter Ended 30 September 2019

1(a)(i) 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

| | Unaudited 1 st Quarter ended | | Favourable / (unfavourable) variance % |
|--|--|-----------------------------------|--|
| | 1 July to 30 Sep 2019 US\$m | 1 July to 30 Sep 2018 US\$m | |
| <u>Continuing operations</u> | | <i>(Re-presented)</i> | |
| Revenue | 95.5 | 95.9 | (0) |
| Cost of sales | (42.1) | (39.6) ^{^#} | (6) |
| Gross profit | 53.4 | 56.3 | (5) |
| Other operating income | 0.1 | * | N.M. |
| Administrative expenses | (21.2) | (29.7) ^{^#} | 29 |
| Impairment loss on trade receivable | (0.2) | (0.5) | 60 |
| Other operating expenses | (0.6) | (0.4) | (50) |
| Operating profit | 31.5 | 25.7 | 23 |
| Finance income | 0.3 | 0.3 | N.M. |
| Finance costs | (14.0) | (3.8) | (268) |
| Net financing costs | (13.7) | (3.5) | (291) |
| Profit before tax | 17.8 | 22.2 | (20) |
| Income tax expense | (5.8) | (5.7) | (2) |
| Profit from continuing operations, net of tax | 12.0 | 16.5 | (27) |
| <u>Discontinued operation</u> | | | |
| Loss from discontinued operation, net of tax | - | (0.3) | N.M. |
| Profit for the period | 12.0 | 16.2 | (26) |
| Profit / (loss) attributable to: | | | |
| Owners of the Company | 12.0 | 16.2 | (26) |
| Non-controlling interests | - | * | N.M. |
| Profit for the period | 12.0 | 16.2 | (26) |

[^] Reclassification of hotel direct payroll from administrative expenses to cost of sales.

[#] Reclassification of hotel rental expense from cost of sales to administrative expenses for comparative purpose.

Note to Income Statement

| | Unaudited 1 st Quarter ended | | Favourable / (unfavourable) variance % |
|---|--|-----------------------------------|--|
| | 1 July to 30 Sep 2019 US\$m | 1 July to 30 Sep 2018 US\$m | |
| Profit before tax is stated after (charging) / crediting: | | | |
| Depreciation of hotels, property and equipment | (7.0) | (4.6) | (52) |
| Amortisation of intangible assets | (0.7) | (0.8) | 13 |
| Impairment loss on property and equipment | - | (0.4) | N.M. |

* Amount less than US\$0.1m

Note: N.M. - not meaningful

1(a)(ii) Statement of Comprehensive Income

| | Unaudited 1 st Quarter ended | | Favourable / (unfavourable) variance % |
|--|--|-----------------------------------|--|
| | 1 July to 30 Sep 2019 US\$m | 1 July to 30 Sep 2018 US\$m | |
| Profit for the period | 12.0 | 16.2 | (26) |
| Other comprehensive income: | | | |
| <u>Items that will not be reclassified to profit or loss:</u> | | | |
| Change in fair value equity investments at fair value through other comprehensive income | * | * | N.M. |
| <u>Items that are or may be reclassified subsequently to profit or loss:</u> | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | * | 2.0 | N.M. |
| Net change in fair value of cash flow hedges reclassified to profit or loss | * | (0.7) | N.M. |
| Net exchange differences from consolidation of foreign operations | (18.6) | (10.0) | (86) |
| Other comprehensive income for the period, net of income tax | (18.6) | (8.7) | (114) |
| Total comprehensive income for the period | (6.6) | 7.5 | N.M. |
| Total comprehensive income attributable to: | | | |
| - Owners of the Company | | | |
| Continuing operations | (6.7) | 8.0 | N.M. |
| Discontinued operation | - | (0.5) | N.M. |
| - Non-controlling interests | 0.1 | * | N.M. |
| Total comprehensive income for the period | (6.6) | 7.5 | N.M. |

* Amount less than US\$0.1m

Note: N.M. - not meaningful

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

| | GROUP | | COMPANY | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Unaudited 30 Sep 2019 US\$m | Audited 30 June 2019 US\$m | Unaudited 30 Sep 2019 US\$m | Audited 30 June 2019 US\$m |
| ASSETS | | | | |
| Hotels, property and equipment | 1,494.4 | 985.5 | – | – |
| Intangible assets | 60.5 | 63.5 | – | – |
| Investments in subsidiaries | – | – | 1,225.6 | 1,225.6 |
| Pensions surplus | 6.9 | 7.1 | – | – |
| TOTAL NON-CURRENT ASSETS | 1,561.8 | 1,056.1 | 1,225.6 | 1,225.6 |
| Other investment | 0.2 | 0.1 | – | – |
| Corporate tax recoverable | – | 1.1 | – | – |
| Inventories | 1.0 | 1.3 | – | – |
| Development properties | 184.7 | 184.7 | – | – |
| Trade and other receivables | 28.2 | 29.4 | 0.3 | 0.3 |
| Derivative financial assets | – | 0.3 | – | 0.3 |
| Advances to subsidiaries | – | – | 109.6 | 72.0 |
| Cash and cash equivalents | 90.4 | 95.1 | – | 38.3 |
| TOTAL CURRENT ASSETS | 304.5 | 312.0 | 109.9 | 110.9 |
| TOTAL ASSETS | 1,866.3 | 1,368.1 | 1,335.5 | 1,336.5 |
| LIABILITIES | | | | |
| Loans and borrowings | 167.7 | 209.7 | – | – |
| Lease liabilities | 682.2 | – | – | – |
| Pension obligations | 2.2 | 2.4 | – | – |
| Deferred tax liabilities | 13.5 | 13.9 | – | – |
| Derivative financial liability | 3.4 | 3.4 | – | – |
| TOTAL NON-CURRENT LIABILITIES | 869.0 | 229.4 | – | – |
| Loans and borrowings | 7.4 | – | – | – |
| Lease liabilities | 2.5 | – | – | – |
| Provisions | 6.1 | 5.5 | – | – |
| Trade and other payables | 62.4 | 58.5 | 0.8 | 0.8 |
| Corporate tax payable | 5.3 | 0.9 | – | – |
| TOTAL CURRENT LIABILITIES | 83.7 | 64.9 | 0.8 | 0.8 |
| TOTAL LIABILITIES | 952.7 | 294.3 | 0.8 | 0.8 |
| NET ASSETS | 913.6 | 1,073.8 | 1,334.7 | 1,335.7 |
| SHARE CAPITAL AND RESERVES | | | | |
| Equity attributable to owners of the Company | 916.0 | 1,076.3 | 1,334.7 | 1,335.7 |
| Non-controlling interests | (2.4) | (2.5) | – | – |
| TOTAL EQUITY | 913.6 | 1,073.8 | 1,334.7 | 1,335.7 |

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

Amount repayable in one year or less, or on demand

| As at 30 Sep 2019 | | As at 30 June 2019 | |
|-------------------|--------------------|--------------------|--------------------|
| Secured US\$m | Unsecured US\$m | Secured US\$m | Unsecured US\$m |
| - | 7.4 | - | - |

Amount repayable after one year

| As at 30 Sep 2019 | | As at 30 June 2019 | |
|-------------------|--------------------|--------------------|--------------------|
| Secured US\$m | Unsecured US\$m | Secured US\$m | Unsecured US\$m |
| 69.5 | 98.2 | 71.9 | 137.8 |

Details of any collateral

As at 30 September 2019, the Group's unsecured borrowings that are repayable within one year was US\$7.4 million, and after one year was US\$98.2 million. The Group continues to have banking lines for its funding requirements.

The Group's secured borrowings as at 30 September 2019 of US\$69.5 million and repayable after one year, are secured by a hotel owned by the Group with a net book value of US\$115.2 million.

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

| | Unaudited | |
|--|-----------------------------------|-----------------------------------|
| | 1st Quarter ended | |
| | 1 July to 30 Sep 2019 US\$m | 1 July to 30 Sep 2018 US\$m |
| OPERATING ACTIVITIES | | <i>(Re-presented)</i> |
| Profit before tax from continuing operations | 17.8 | 22.2 |
| Loss before tax from discontinued operation | – | (0.3) |
| Adjustments for non-cash items | | |
| Depreciation of hotels, property and equipment | 7.0 | 4.6 |
| Amortisation of intangible assets | 0.7 | 0.8 |
| Impairment loss on trade receivables | 0.2 | 0.5 |
| Share option (benefits) / expenses | (0.5) | 0.7 |
| Impairment loss of property and equipment | – | 0.4 |
| Gain on disposal of property and equipment | – | * |
| Net financing costs | 13.7 | 3.5 |
| Net change in working capital items | | |
| Inventories and development properties | 0.2 | (0.3) |
| Trade and other receivables | 1.1 | 5.2 |
| Trade and other payables | 2.3 | (3.0) |
| Pension surplus and obligations | (0.1) | (0.1) |
| Provisions | 0.7 | * |
| Cash generated from operations | 43.1 | 34.2 |
| Interest received | 0.1 | 0.2 |
| Income tax paid | (0.3) | (3.5) |
| CASH FLOWS FROM OPERATING ACTIVITIES | 42.9 | 30.9 |
| INVESTING ACTIVITIES | | |
| Proceeds from disposal of hotels, property and equipment | – | * |
| Acquisition of hotels, property and equipment | (6.4) | (10.1) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | (6.4) | (10.1) |
| FINANCING ACTIVITIES | | |
| Repayment of long-term borrowings | (28.3) | (36.8) |
| Repayment of lease liabilities | (10.2) | – |
| Interest paid | (1.3) | (1.6) |
| Other finance costs paid | (0.3) | * |
| Realised exchange gain on financial derivatives | (0.1) | * |
| CASH FLOWS USED IN FINANCING ACTIVITIES | (40.2) | (38.4) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (3.7) | (17.6) |
| Cash and cash equivalents at the beginning of the year | 95.1 | 105.4 |
| Restricted cash | 0.4 | – |
| Effect of exchange rate fluctuations on cash held | (1.4) | (0.6) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 90.4 | 87.2 |

* Amount less than US\$0.1m

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

Statement of Changes in Equity – Group

| | Share Capital US\$m | Contributed Surplus US\$m | Translation Reserve US\$m | Fair Value Reserve US\$m | Hedging Reserve US\$m | Capital Reserve Share Based Payment US\$m | Equity Compensation Reserve US\$m | ESOS Reserve US\$m | Retained Earnings US\$m | Total US\$m | Non-Controlling Interests US\$m | Total Equity US\$m |
|---|------------------------|------------------------------|------------------------------|-----------------------------|--------------------------|--|--------------------------------------|-----------------------|----------------------------|----------------|------------------------------------|-----------------------|
| Balance at 1 July 2019 | 273.6 | 654.2 | (301.6) | (0.9) | (2.5) | (1.6) | 3.5 | (46.2) | 497.8 | 1,076.3 | (2.5) | 1,073.8 |
| Effect on initial application of IFRS16 | - | - | - | - | - | - | - | - | (153.0) | (153.0) | - | (153.0) |
| Adjusted balance at 1 July 2019 | 273.6 | 654.2 | (301.6) | (0.9) | (2.5) | (1.6) | 3.5 | (46.2) | 344.8 | 923.3 | (2.5) | 920.8 |
| Profit / (loss) for the period | - | - | - | - | - | - | - | - | 12.0 | 12.0 | - | 12.0 |
| Other comprehensive income: | | | | | | | | | | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | - | - | - | - | * | - | - | - | - | * | - | * |
| Net change in fair value of cash flow hedges reclassified to profit or loss | - | - | - | - | * | - | - | - | - | * | - | * |
| Net exchange differences from consolidation of foreign operations | - | - | (18.7) | - | - | - | - | - | - | (18.7) | 0.1 | (18.6) |
| Change in fair value of equity investments at fair value through other comprehensive income | - | - | - | * | - | - | - | - | - | * | - | * |
| Total other comprehensive income, net of tax | - | - | (18.7) | - | - | - | - | - | - | (18.7) | 0.1 | (18.6) |
| Total comprehensive income for the period, net of tax | - | - | (18.7) | - | - | - | - | - | 12.0 | (6.7) | 0.1 | (6.6) |
| <i>Transactions with owners, recorded directly in equity:</i> | | | | | | | | | | | | |
| Value of employee services received for issue of share options | - | - | - | - | - | - | (0.6) | - | - | (0.6) | - | (0.6) |
| Total transactions with owners | - | - | - | - | - | - | (0.6) | - | - | (0.6) | - | (0.6) |
| Balance at 30 Sep 2019 | 273.6 | 654.2 | (320.3) | (0.9) | (2.5) | (1.6) | 2.9 | (46.2) | 356.8 | 916.0 | (2.4) | 913.6 |
| Balance at 1 July 2018 | 273.6 | 654.2 | (250.8) | (0.8) | (3.5) | (1.6) | 3.0 | (46.2) | 474.7 | 1,102.6 | (2.6) | 1,100.0 |
| Profit / (loss) for the period | - | - | - | - | - | - | - | - | 16.2 | 16.2 | * | 16.2 |
| Other comprehensive income: | | | | | | | | | | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | - | - | - | - | 2.0 | - | - | - | - | 2.0 | - | 2.0 |
| Net change in fair value of cash flow hedges reclassified to profit or loss | - | - | - | - | (0.7) | - | - | - | - | (0.7) | - | (0.7) |
| Net exchange differences from consolidation of foreign operations | - | - | (10.0) | - | - | - | - | - | - | (10.0) | - | (10.0) |
| Change in fair value of equity investments at fair value through other comprehensive income | - | - | - | * | - | - | - | - | - | * | - | * |
| Total other comprehensive income, net of tax | - | - | (10.0) | * | 1.3 | - | - | - | - | (8.7) | - | (8.7) |
| Total comprehensive income for the period, net of tax | - | - | (10.0) | * | 1.3 | - | - | - | 16.2 | 7.5 | - | 7.5 |
| <i>Transactions with owners, recorded directly in equity:</i> | | | | | | | | | | | | |
| Value of employee services received for issue of share options | - | - | - | - | - | - | 0.3 | - | - | 0.3 | - | 0.3 |
| Total transactions with owners | - | - | - | - | - | - | 0.3 | - | - | 0.3 | - | 0.3 |
| Balance at 30 Sep 2018 | 273.6 | 654.2 | (260.8) | (0.8) | (2.2) | (1.6) | 3.3 | (46.2) | 490.9 | 1,110.4 | (2.6) | 1,107.8 |

* Amount less than US\$0.1m

Statement of Changes in Equity – Company

| | Share Capital US\$m | Contributed Surplus US\$m | Capital Reserve Share Based Payment US\$m | Equity Compensation Reserve US\$m | ESOS Reserve US\$m | Retained Earnings US\$m | Total US\$m |
|---|------------------------|------------------------------|--|--------------------------------------|-----------------------|----------------------------|----------------|
| Balance at 1 July 2019 | 273.6 | 654.2 | (1.6) | 2.7 | (46.2) | 453.0 | 1,335.7 |
| Loss for the period | – | – | – | – | – | (1.0) | (1.0) |
| Other comprehensive income | – | – | – | – | – | – | – |
| Total comprehensive income for the period, net of tax | – | – | – | – | – | (1.0) | (1.0) |
| Balance at 30 Sep 2019 | 273.6 | 654.2 | (1.6) | 2.7 | (46.2) | 452.0 | 1,334.7 |
| Balance at 1 July 2018 | 273.6 | 654.2 | (1.6) | 2.7 | (46.2) | 459.7 | 1,342.4 |
| Loss for the period | – | – | – | – | – | (0.4) | (0.4) |
| Other comprehensive income | – | – | – | – | – | – | – |
| Total comprehensive income for the period, net of tax | – | – | – | – | – | (0.4) | (0.4) |
| Balance at 30 Sep 2018 | 273.6 | 654.2 | (1.6) | 2.7 | (46.2) | 459.3 | 1,342.0 |

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

| Issued Shares | As at 30 Sep 2019 | As at 30 June 2019 |
|---------------------------------------|-------------------|--------------------|
| Issued and fully paid ordinary shares | 1,368,063,633 | 1,368,063,633 |

| Share Options | 1 st Quarter ended | |
|--|-------------------------------|-------------|
| | 30 Sep 2019 | 30 Sep 2018 |
| (a) Grant of share options under ESOS 2008: | | |
| As at 1 July | 26,250,000 | 37,250,000 |
| Options granted | – | – |
| Options lapsed | (16,000,000) | – |
| As at 30 September | 10,250,000 | 37,250,000 |
| (b) Number of shares held in the ESOS Trust to be transferred to eligible employees to satisfy the outstanding share options under the ESOS 2008 | 68,295,000 | 68,295,000 |

There has been no change in the Company's share capital since the immediate preceding financial period.

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 Sep 2019 | As at 30 June 2019 |
|--|------------------------|-----------------------|
| Total issued ordinary shares | 1,368.1 million | 1,368.1 million |
| Less: Number of shares acquired by the ESOS Trust for ESOS 2008 | (68.3) million | (68.3) million |
| Total issued ordinary shares excluding shares acquired by the ESOS Trust for ESOS 2008 | 1,299.8 million | 1,299.8 million |

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.

These figures have neither been audited nor reviewed by the Group's auditors.

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 methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the financial period ended 30 September 2019 as with the audited financial statements for the financial year ended 30 June 2019.

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

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments. Remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate and the nature of expenses will now change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 July 2019.

The Group applied the practical expedient to recognise the ROU asset at its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 July 2019, and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of IFRS 16.

As a result of initially applying IFRS 16, the Group recognised ROU assets of US\$557.0 million and lease liabilities of US\$707.0 million as at 1 July 2019. For ROU assets, the Group presents them as part of hotels, property and equipment.

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.

| | Unaudited 1 st Quarter | |
|--|-----------------------------------|-------------|
| | 30 Sep 2019 | 30 Sep 2018 |
| <u>Earnings per share</u> | | |
| Basic earnings per share (US cents) | 0.9 | 1.3 |
| Diluted earnings per share (US cents) | 0.9 | 1.3 |
| <u>Earnings per share - continuing operations</u> | | |
| Basic earnings per share (US cents) | 0.9 | 1.3 |
| Diluted earnings per share (US cents) | 0.9 | 1.3 |

Based on 1,299.8 million shares, which is the weighted average number of ordinary shares in issue after adjusting for the shares held by the ESOS Trust for ESOS 2008.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

| Net assets per share (US cents) | Unaudited 1 st Quarter | Audited Full Year |
|---------------------------------|-----------------------------------|-------------------|
| | 30 Sep 2019 | 30 June 2019 |
| The Group | 70.5 | 82.8 |
| The Company | 102.7 | 102.8 |

Based on 1,299.8 million shares, which is the weighted average number of ordinary shares in issue after adjusting for the shares held by the ESOS Trust for ESOS 2008.

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

Income Statement

Profit after tax for the quarter ended 30 September 2019 was US\$12.0 million, a decrease of 26% compared to US\$16.2 million in the previous corresponding quarter. The following review sets out the factors that affected profit after tax for the period:

Revenue

Revenue was marginally lower than previous corresponding quarter.

Hotel revenue was higher compared to previous corresponding quarter primarily driven by improved RevPAR during the quarter. Furthermore, higher hotel revenue was generated from the newly launched Hard Rock Hotel London, which opened in April 2019. However, the increase was partially offset by the weakening of GBP against USD.

This was offset by lower revenue from oil and gas segment due to lower average crude oil price and production as well as the weakening of AUD against USD.

Cost of sales

The increase of cost of sales was in line with the increase in hotel revenue during the quarter.

Administrative expenses

Lower administrative expenses was mainly due to the adoption of IFRS 16 which replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities. The interest expense is included in net financing cost.

Impairment loss on trade receivables

Lower impairment loss on trade receivables was mainly due to lesser provision required on the aged trade debt balances compared to previous corresponding quarter.

Other operating expenses

The increase in other operating expenses was relating to the provision of value added tax ("VAT") arising from discretionary service charge billed to customers in UK.

Net financing costs

Higher financing costs was mainly due to interest expense on lease liabilities upon the adoption of IFRS 16.

Income tax expense

Higher income tax expense was mainly due to lower tax credit available to offset the tax expenses in the hotel segment during the quarter.

Statement of Comprehensive Income

Total comprehensive loss for the year was US\$6.6 million. This included a net foreign exchange loss of US\$18.6 million as a result of translating the books of the Group's UK and Australia subsidiaries which are denominated in GBP and AUD into the Group's reporting currency, which is USD. As at the end of 30 Sep 2019, GBP and AUD depreciated by 3% and 4% respectively against the USD as compared to 30 June 2019.

Statement of Financial Position

The Group's net assets before non-controlling interests decreased by 15% from US\$1,076.3 million as at 30 June 2019 to US\$916.0 million as at 30 September 2019.

Excluding the effects of currency translation, other significant factors that affected the Group's net assets as at 30 September 2019 were as follows:

- a) Hotels, property and equipment – increase was mainly due to the adoption of IFRS16 and recognition of ROU assets since 1 July 2019.
- b) Trade and other receivables – decrease was mainly due to lower prepayment for the hotel segment during the quarter.
- c) Cash and cash equivalents – decrease was mainly due to the partial repayment of long-term loan and borrowings during the quarter.
- d) Long term loan and borrowings – decrease was due to partial repayment during the quarter.
- e) Lease liabilities – increase was mainly due to the adoption of IFRS16 and recognition of lease liabilities since 1 July 2019.
- f) Short term loan and borrowings – increase was mainly due to reclassification of long-term loan and borrowings which is due within the next 12 months.
- g) Provisions – increase was mainly due to provision for value added tax arising from discretionary service charge billed to customers in UK.
- h) Trade and other payables – increase was due to scheduled settlement of creditor balances and timing differences on suppliers' billing.
- i) Corporate tax payable – increase in corporate tax payable was mainly due to tax provision for the hotel earnings and oil and gas royalty income during the quarter.

Statement of Cash Flows

Net cash outflow of US\$3.7 million at the end of the quarter compared with net cash outflow of US\$17.6 million in the previous corresponding quarter. This was primarily due to lower partial repayment of long-term loan and borrowings and lower capital expenditures in hotel segment during the quarter.

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

The Group had not previously released any forecast or prospect statements.

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

In the UK, protracted uncertainty over Brexit remains. The resultant economic volatility and poor market sentiment continue to depress growth in the average daily rate of London hotels. However, the weak Pound Sterling exchange rate and influx of international travellers have helped to uplift our hotel occupancy rate. This should result in a modest increase in our revenue per available room. The expected increase in the supply of new rooms in the London market, together with cost inflation due to the weak currency exchange rate, will impact our profit margins.

The refurbishment of The Grosvenor Hotel is progressing in stages and the hotel is scheduled to launch as Amba Hotel Grosvenor at the end of 2019 or in early 2020.

The Group maintains a cautious outlook and continues to focus on a rate-led strategy and its hotel refurbishment plan to protect its market share in London and upgrade its estate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

The Group does not have a general mandate from shareholders for interested person transactions.

14. Confirmation by the Board of Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial statements of GL Limited for the three months ended 30 September 2019 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

GL Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD

SUSAN LIM

Group Company Secretary

24 October 2019