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## Corporate Profile

**GL Limited (“GL”) was founded in 1961, and is the holding company of an international hospitality and leisure group with its global head office in Singapore. GL is listed on the Main Board of the Singapore Stock Exchange.**

GL’s core hospitality business is operated out of GLH Hotels Limited (“GLH”) in the United Kingdom. GLH is the largest owner-operator hotel company in London with 15 hotels, 13 of which are in top London locations. It owns and operates 11 hotels under four owned brands – Amba Hotels, Guoman Hotels, Thistle Hotels and Thistle Express Hotels, including the iconic hotels The Grosvenor Hotel,

The Royal Horseguards, The Tower Hotel, and The Cumberland which will be relaunched in Spring 2019 as Hard Rock Hotel, London.

In addition to its core hospitality business, GL owns real estate in Hawaii and rights to royalties from the production of oil and natural gas in the Bass Strait in Australia.

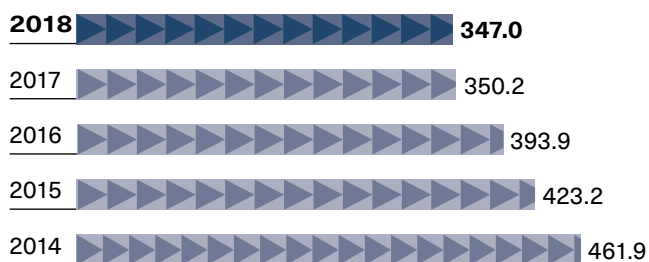
- 1 Amba Hotel
- 2 The Grosvenor
- 3 The Royal Horseguards
- 4 The Royal Horseguards
- 5 The Royal Horseguards
- 6 The Royal Horseguards

# Group Financial Highlights

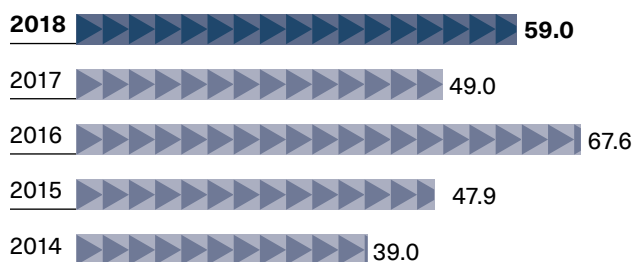
## 5-Year Summary

	2014	2015	2016	2017	2018
<b>Consolidated Income Statement</b>					
Revenue (US\$million)	461.9	423.2	393.9	350.2	<b>347.0</b>
Profit attributable to owners of the Company (US\$million)	39.0	47.9	67.6	49.0	<b>59.0</b>
<b>Consolidated Statement of Financial Position</b>					
Total assets (US\$million)	1,718.1	1,624.6	1,432.6	1,412.1	<b>1,455.6</b>
Equity attributable to owners of the Company (US\$million)	1,217.3	1,152.1	1,051.2	1,049.8	<b>1,102.6</b>
<b>Ratios</b>					
Earnings per share (US cents)	3.0	3.7	5.2	3.8	<b>4.5</b>
Dividend per share (SG cents)	2.0	2.2	2.2	2.2	<b>2.2</b>
Net assets per share (US cents)	93.3	88.6	80.9	80.8	<b>84.8</b>
Debt to equity (%)	28.0	26.7	20.6	17.4	<b>13.7</b>

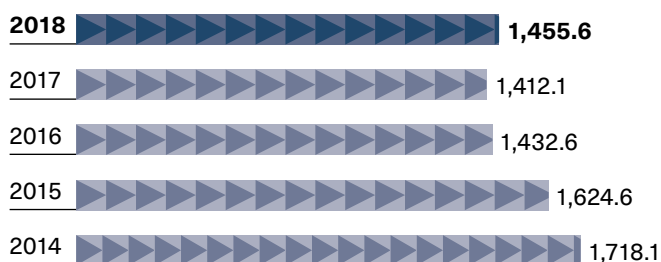
### Revenue (US\$'M)



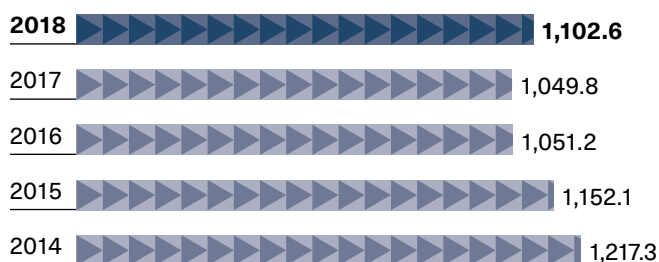
### Profit attributable to owners of the Company (US\$'M)



### Total assets (US\$'M)



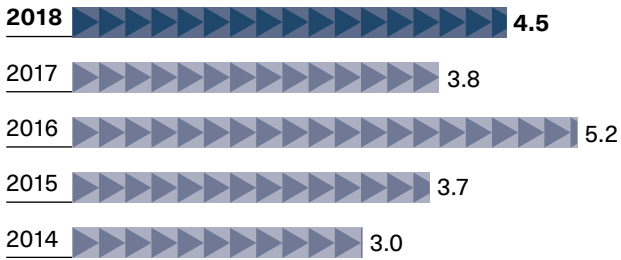
### Equity attributable to owners of the Company (US\$'M)



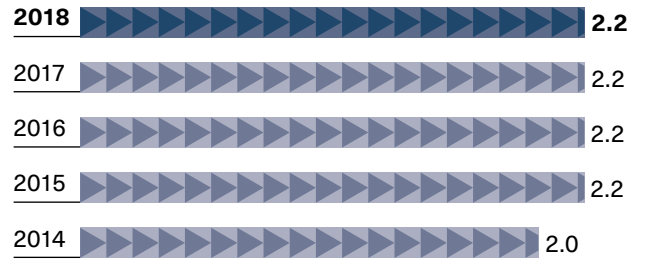


1 Amba Charing Cross  
2 The Grosvenor

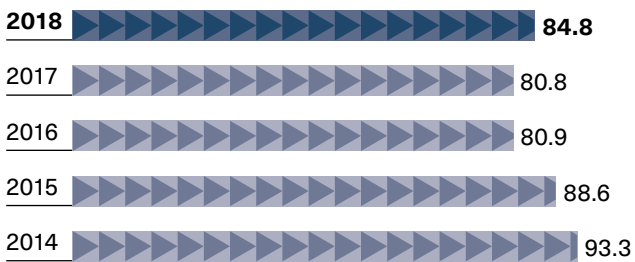
**Earnings per share**  
(US cents)



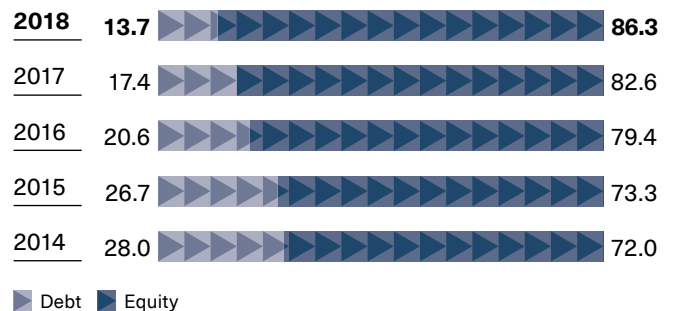
**Dividend per share**  
(SG cents)



**Net assets per share**  
(US cents)



**Debt to Equity**  
(%)



■ Debt ■ Equity

“  
The London hospitality market is resilient and we remain confident that we can continue to build on our transformation efforts.”



The operating environment in which GL Limited and its subsidiaries (collectively “**Group**”) operated during the financial year ended 30 June 2018 (“**FY2018**”) was highly volatile. Uncertainties around the United Kingdom’s terms of exit from the Eurozone and a weaker economic outlook in key inbound markets for our hotels impacted overall trading and sentiment. However, the London hospitality market is resilient and we remain confident that we can continue to build on our transformation efforts.

During FY2018, The Clermont Club, the Group’s casino, ceased operations. This was due to continuing losses despite management’s efforts to grow the Club’s player base in a sustainable manner. With such closure, the Group’s gaming segment has been discontinued and the Group proposes to dispose of its casino premises license.

Despite the soft London hotel market, management continues to see opportunities for growth and improvement within the Group’s hotel portfolio. The Group remains committed to its transformational hotel strategy in the UK with a financially strong balance sheet while maintaining a conservative debt-to-equity ratio.

#### **GLH Hotels**

During FY2018, the Group’s hotel division GLH Hotels (“**GLH**”) generated a profit after tax of US\$64.5 million. This was significantly higher than that of the last financial year, due to a one-off profit after tax compensation of US\$22.8 million for the compulsory purchase of the Thistle Euston Hotel. The hotel was compulsorily acquired for the HS2 (High Speed 2) railway project and ceased operations in October 2017.

Due to market softness, GLH pursued an occupancy-led strategy which resulted in a higher combined hotel RevPAR on a like-for-like basis compared to the previous financial year.

Excluding exceptionals, GLH’s profit after tax was lower compared to last year. This is mainly attributable to lower rooms revenue due to rooms being unavailable for sale as a result of the ongoing refurbishment of the Cumberland Hotel. The Cumberland Hotel will be relaunched as Hard Rock Hotel London in 2019 after completion of its refurbishment.

The Group recently launched a new Sports Bar concept at the Thistle Barbican Hotel and has plans for new and updated F&B concepts at other GLH hotels.



- 1 Thistle Trafalgar
- 2 The Royal Horseguards
- 3 The Grosvenor
- 4 The Royal Horseguards

**Bass Strait Oil Royalty**

FY2018 royalty income was US\$24.2 million, which is broadly in line with the previous financial year. Despite higher crude oil and gas prices, oil production and gas sales in FY2018 were lower than the previous financial year's. This asset continues to be a significant profit contributor to the Group.

**Molokai Properties**

Molokai Properties Limited ("MPL") is the Group's investment on the island of Molokai in Hawaii. MPL owns more than 54,000 acres of land, cattle ranching operations, and water and wastewater services on the island of Molokai. In FY2018, MPL completed an upgrading of its water infrastructure on Molokai. This resulted in improved water quality for residents at the west end of Molokai. In FY2018, the Group offered MPL for sale to qualified buyers; this process is ongoing.

**Sustainability Report**

Sustainability remains a core focus of the Group. The Board continues to ensure that GL's strategic direction of sustainability and the sustainability reporting requirements of the Singapore Stock Exchange are adhered to.

**Summary**

The Board is recommending a first and final dividend of SGD 2.2 cents per share for FY2018.

On behalf of the Board of Directors, I express our appreciation to our management and staff for their efforts and commitment, and to our shareholders, customers, business partners and other stakeholders for their continued support.

**KWEK LENG HAI**

Non-Executive Chairman  
24 August 2018

# Board of Directors

## **KWEK LENG HAI, 65** **Non-Independent**

Non-Executive Chairman  
Member, Remuneration Committee  
Member, Nominating Committee

Mr Kwek was appointed to the Board on 17 May 2005 and was re-elected as a Director at the Company's Annual General Meeting held on 19 October 2017.

Mr Kwek is the Executive Chairman of Guoco Group Limited and the Chairman of Lam Soon (Hong Kong) Limited, both listed on the Main Board of The Stock Exchange of Hong Kong Limited. His directorships in other public listed companies include Hong Leong Bank Berhad (listed on the Main Market of Bursa Malaysia Securities Berhad), GuocoLand Limited (listed on the Singapore Stock Exchange) and Bank of Chengdu Co., Ltd. (listed on the Shanghai Stock Exchange). He is also a director and shareholder of Hong Leong Company (Malaysia) Berhad.

Mr Kwek qualified as a chartered accountant of the Institute of Chartered Accountants in England and Wales and has extensive experience in various business sectors, including but not limited to finance, investment, manufacturing and real estate.

## **PAUL BROUGH, 61** **Independent**

Non-Executive Director  
Chairman, Remuneration Committee  
Chairman, Nominating Committee  
Member, Audit and Risk Management Committee

Mr Brough was appointed to the Board on 1 July 2012 and was re-elected as a Director at the Company's Annual General Meeting held on 19 October 2017.

On 11 May 2017, Mr Brough became Chairman of Noble Group Limited, a company listed on the Singapore Stock Exchange. On 3 September 2016, Mr Brough joined the board of Vitasoy International Holdings Limited, a company listed on the HKSE, as a

non-executive director and assumed the chair of its audit committee on that date. He is also a non-executive director of Habib Bank Zurich (Hong Kong) Limited, a Hong Kong based restricted-licence bank, and chair of its audit and risk committee, and a non-executive director of The Executive Centre Limited, a privately owned Hong Kong company and chair of its audit committee.

Mr Brough joined KPMG Hong Kong in 1983 and held appointments as its Head of Consulting in 1995 and as Head of Financial Advisory Services in 1997. In 1999, he was appointed the Asia Pacific Head of KPMG's Financial Advisory Services and a member of its global advisory steering group. He held the position of Regional Senior Partner of KPMG Hong Kong from 2009 before retiring in March 2012.

Mr Brough is an associate of the Institute of Chartered Accountants in England and Wales, an associate of the Hong Kong Institute of Certified Public Accountants and an associate of the Hong Kong Securities Institute.



**JENNIE CHUA, 74**  
**Independent**

Non-Executive Director  
Member, Audit and  
Risk Management Committee  
Member, Remuneration Committee  
Member, Nominating Committee

Ms Chua was appointed to the Board on 1 August 2012 and is proposed for re-election as a Director at the Company's Annual General Meeting to be held on 25 October 2018.

She is Chairman of Vanguard Healthcare, set up by the Ministry of Health and MOH Holdings to grow and support the development of eldercare facilities in Singapore. She is also Chairman of the Singapore Film Commission Advisory Committee and Deputy Chairman of Temasek Foundation International. She is Pro-chancellor of the Nanyang Technological University.

Ms Chua is a Board Director of MOH Holdings Pte. Ltd. She also sits on MOH Holdings' Healthcare Infrastructure and Planning Committee.

Ms Chua is a Justice of the Peace and Singapore's Non-Resident Ambassador to The United Mexican States.

Ms Chua is a Board Director of two other entities listed on the Singapore Stock Exchange – GuocoLand Limited and Far East Orchard Limited.

Previous positions held include Chairman of Raffles International, President & CEO of Raffles Holdings and CEO of The Ascott Limited. She was Chairman of the Community Chest and Sentosa Cove. She was also the first and only woman Chairman of the Singapore International Chamber of Commerce in its 179-year history.

Ms Chua holds a Bachelor of Science degree from the School of Hotel Administration, Cornell University, New York, USA.

Awards and accolades which she has received include the President's Special Recognition for Volunteerism & Philanthropy, Singapore National Day Awards including the Meritorious Service Medal, Outstanding Contribution to Tourism Award, Women's World Excellence Awards, and Travel Personality of the Year Award, amongst others.

**TIMOTHY TEO LAI WAH, 66**  
**Independent**

Non-Executive Director  
Chairman, Audit and  
Risk Management Committee

Mr Teo was appointed to the Board on 1 July 2013 and was re-elected as a Director at the Company's Annual General Meeting held on 24 October 2016.

Mr Teo serves on the boards of St Luke's Elder Care, Jurong Health Fund and Singapore Arts School Ltd.

Besides these appointments, Mr Teo is also a Board member of another listed company, GuocoLand Limited.

Mr Teo was director in charge of foreign exchange, money market, gold and commodities management in Government of Singapore Investment Corp, Singapore from 1998 to 2007. Prior to this, he was director of Nuri Holdings (S) Pte Ltd, Singapore as consultant for risk management in Jakarta and Los Angeles from 1994 to 1998. Mr Teo was also with JP Morgan for 20 years in various overseas locations at senior management level (Managing Director) in Global Markets.

Mr Teo holds a Masters Degree in Business Administration from Macquarie University, Sydney, Australia.



- 1 The Grosvenor
- 2 The Royal Horseguards
- 3 The Royal Horseguards
- 4 Amba Marble Arch

# Board of Directors

## **TANG HONG CHEONG, 63** **Non-Independent**

Executive Director and  
Group Managing Director

Mr Tang was appointed as Executive Director and Group Managing Director of the Company on 15 September 2016 and was re-elected as a Director at the Company's Annual General Meeting on 24 October 2016.

Mr Tang is the President and Chief Executive Officer of Guoco Group Limited and a non-executive director of Lam Soon (Hong Kong) Limited, both listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also a non-executive director of GuocoLand Limited, which is listed on Singapore Stock Exchange.

Mr Tang has held various senior management positions in different companies within the Hong Leong Group. He was the President/Finance Director of HL Management Co Sdn Bhd. He was also a director of Southern Steel Berhad, a Hong Leong Group subsidiary listed on the Main Market of Bursa Malaysia Securities Berhad, as well as the non-executive chairman of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Tang is a member of the Malaysian Institute of Accountants and has more than 40 years' broad-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning. He possesses in-depth knowledge of the investment, manufacturing, financial services, property development, gaming and hospitality industries.



# Management Team



**Neil Gallagher**  
**Chief Executive Officer**  
**GLH Hotels**

Mr Gallagher has held the position of GLH's Chief Executive Officer since 2016, having joined the company in 2014 as Chief Financial Officer. He is responsible for overseeing the commercial growth and transformation of the Company. Mr Gallagher is at the heart of shaping GLH's strategic priorities, ensuring the smooth running of all departmental functions.

Mr Gallagher's passion for hospitality has been evident throughout his successful career, having held senior positions at the likes of Marriot and IHG between 2001 and 2014 in both commercial and financial roles.

As GLH continues to grow, Mr Gallagher is well equipped to take GLH to new heights, while ensuring it firmly remains London's leading hotel company.

**Ho Kah Meng**  
**Chief Financial Officer**  
**GL Limited**

Mr Ho joined the Group in July 2014 and was appointed CFO on 1 August 2014.

He began his career as an auditor at PriceWaterhouse before moving to Citibank Singapore. He has held senior finance and accounting positions with Singapore Marriott Hotel, Ssangyong Cement Limited, and various companies within the Raffles Holdings group.

Mr Ho has 10 years' experience in hotel investments and asset management in Asia Pacific with GIC Real Estate Pte Ltd

and Kingdom Hotel Investments. Prior to joining the Group, he was Senior Vice President at GIC Real Estate.

Mr Ho holds a Bachelor of Accountancy degree from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

**Susan Lim**  
**General Counsel/Group Company**  
**Secretary**  
**GL Limited**

Ms Susan Lim joined the Group in May 2013.

In the early years of her career, Ms Lim practiced as a litigator. She made the switch from private practice to an in-house counsel position in 1993 when she joined the Pontiac Land Group, a real estate development and hospitality group.

In 2004, Ms Lim left Pontiac to join Pacific Star Holdings Pte. Ltd., which provides investment advisory and asset management services for Asian real estate and where she served as an Executive Vice President and headed the Legal Department.

From 2010 until April 2013, Ms Lim was Senior Director, Legal & Secretariat at KOP Properties Pte. Ltd., a company with real estate, hospitality and lifestyle business interests.

Ms Lim read law at the National University of Singapore and is called to the Singapore Bar.

- 1 The Tower Hotel
- 2 The Royal Horseguards
- 3 The Tower Hotel

# Sustainability Report Contents

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# Sustainability Report

## MESSAGE FROM THE GROUP MANAGING DIRECTOR

GL Limited (“GL” or “Company”) is pleased to present its second annual sustainability report.

The Company places great importance on having strong values and conducting business in line with these values. Our sustainability report condenses and showcases the manifestation of this vision for our various stakeholders.

At the 2015 Paris Climate Conference, Singapore committed to a 36% reduction of emissions intensity below 2005 levels by 2030. Similarly, the European Union committed to a reduction of at least 40% below 1990 levels. In keeping with our values of passion and progressiveness, we seek to support these goals and do our part as a responsible corporate citizen.

The hospitality industry faces a great many changes with online reviews and online travel sites enabling easier bookings and review amalgamation. A hotel’s reputation can be made or broken online. We are pleased with these changes because we are confident about our brand and our service, and are committed to improving our sustainability strategy and performance.

In our second sustainability report, in line with the SGX sustainability reporting mandate, we build on the material topics we selected last year. The Board and I consider sustainability considerations to be key to strategic formulation and take responsibility in overseeing the management of the sustainability agenda across critical environmental, social and governance issues.

We are proud of the progress we have made. For example, we have reduced our electricity consumption thanks to focused energy efficiency policies. We are also reaping the benefits of our concerted effort to track and respond to guest feedback to improve our service standards. The implementation of our “Can Do, Will Do” training programme has resulted in a 5% increase in service scores. We will strive to continually improve our initiatives and performance outcomes and become leaders in this space.

With the passage of a year of progress, we are pleased to share our sustainability journey with you.

## ABOUT THIS REPORT

This is GL Limited’s second annual sustainability report pursuant to the Singapore Exchange (“SGX”) and Hong Kong Exchange (“HKEX”) Sustainability Reporting requirements.

The report presents data and information for the financial year ended 30 June 2018 (“FY2018”) and covers our hotel operations in the United Kingdom. GL’s core hospitality business is operated out of GLH Hotels Limited (“GLH”) in the United Kingdom. GLH owns and/or operates hotels in the United Kingdom, and is the largest owner-operator hotel company in London with 15 hotels in the United Kingdom, including 13 hotels in top London locations.

This report is prepared in accordance with the GRI Standards: Core Level.

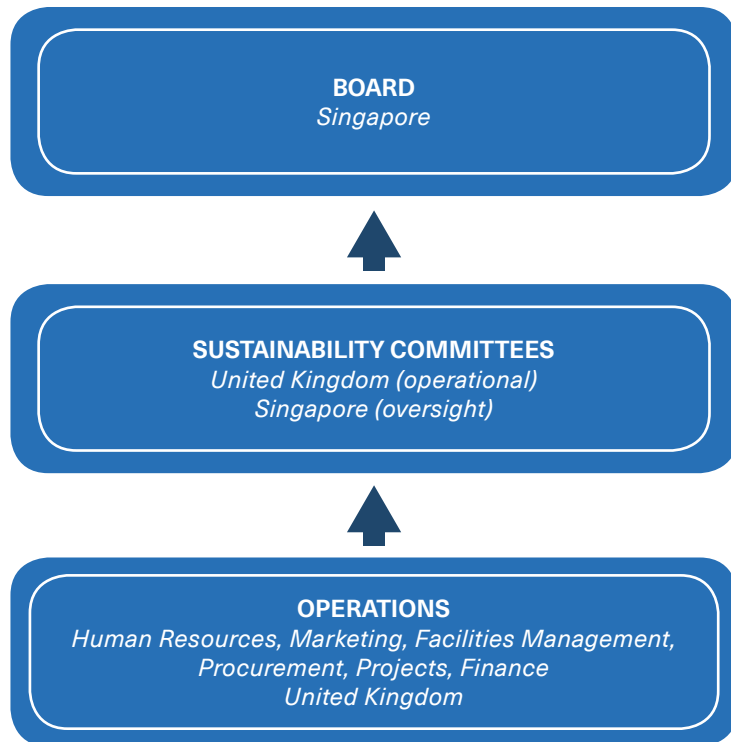
Although we have not obtained independent assurance for this year’s data, we will consider it for future years. A softcopy of this report can be found on our website: [www.gl-grp.com](http://www.gl-grp.com). Should you have any question or feedback, please do not hesitate to reach us at [info@gl-grp.com](mailto:info@gl-grp.com).

**SUSTAINABILITY AT GL**

Our business is built on our three core values: having Passion, being Progressive, and doing the Right Thing. We apply these internally, with our staff, as much as we do externally, with our customers. These values support our sustainability mission and are implemented on a day-to-day basis by our hotel teams.



**Sustainability Governance**



# Sustainability Report

Last year we carried out a materiality assessment, beginning with a high-level peer benchmarking exercise to identify potential risks and opportunities from a sustainability perspective. This was followed by validation with management and Board to finalise our material Environmental, Social and Governance factors. We selected topics that we believe we have the greatest impact on, and that have the greatest impact on our business. The chosen topics are summarised in the table below:

Material Topics	GRI Standard Reported	Geographical Boundary Reported for FY2018	Key Impacted Stakeholder Groups
<b>Environmental Stewardship</b>			
Resource Efficiency	Energy (302) Emissions (305) Water consumption (303) Effluents and Waste (306)	United Kingdom	Investors Community Suppliers
<b>Social Responsibility</b>			
Human Capital Management	Employment (GRI 401) Training and Education (GRI 404) Child Labour (408) Forced or Compulsory Labour (409) Occupational Health and Safety (GRI 403)	United Kingdom	Employees
Guest Satisfaction and Safety	Customer Privacy (418) Customer Health and Safety (416)	United Kingdom	Customers
Local Communities	Local Communities (413)	United Kingdom	Employee Communities
<b>Governance</b>			
Anti-corruption	Anti-corruption (GRI 205)	United Kingdom, Singapore	Regulators Investors
Regulatory Compliance	Marketing and Labelling (GRI 417)	United Kingdom	Customers
Others	Supplier Social Assessment (414) Supplier Environmental Assessment (308)		

## STAKEHOLDER ENGAGEMENT

We place great value on the diversity of our stakeholders and seek to engage them throughout the year. By maintaining an open connection with all of our stakeholders, we are better able to understand their needs and identify what we can do to grow, improve and excel.

Stakeholder	Method and frequency	Topics raised	Our response
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Monthly Employee Engagement Survey</li> <li>• Regular meetings between GL and hotel employees</li> <li>• Scorecard of each hotel published monthly and displayed in the hotel</li> <li>• Employee appraisal and performance review meetings currently two per year</li> <li>• Employee forums held in each hotel</li> <li>• Internal announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Employees would like to understand in more detail GL's strategy and its commercial plan</li> </ul>	<ul style="list-style-type: none"> <li>• Hotel inductions</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual General meeting</li> <li>• Analyst briefings</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Risk management</li> <li>• Growth strategy</li> </ul>	<ul style="list-style-type: none"> <li>• We are maintaining a cautious approach and in relation to our hotel strategy we are continuing our refurbishment at a moderate pace. We are conservatively geared and well positioned to maneuver the current environment and take advantage of any opportunities.</li> </ul>
<b>Guests</b>	<ul style="list-style-type: none"> <li>• In person feedback</li> <li>• Satisfaction surveys</li> <li>• Building user manuals</li> </ul>	<ul style="list-style-type: none"> <li>• Check-in experience</li> <li>• In room facilities at specific hotels</li> <li>• Housekeeping Standards</li> </ul>	<ul style="list-style-type: none"> <li>• We act on feedback and address issues in collaboration with the hotels and hotel management teams to improve our performance.</li> </ul>
<b>Regulators/ Government</b>	<ul style="list-style-type: none"> <li>• Regulatory filings</li> <li>• Responding to relevant public consultations</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental compliance</li> <li>• Labour standard compliance</li> <li>• SGX listing requirements</li> </ul>	<ul style="list-style-type: none"> <li>• We will increase cooperation with government and regulatory bodies</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• In person meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Timely delivery</li> </ul>	<ul style="list-style-type: none"> <li>• We will maintain an open dialogue with our suppliers to improve our working relationships.</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Room to Reward</li> <li>• Stop Slavery Hotel Industry Network</li> <li>• Working Chance</li> <li>• House of St. Barnabus</li> <li>• Local initiatives driven by our individual hotels</li> <li>• Chefs Adopt a School programme</li> </ul>	<ul style="list-style-type: none"> <li>• Modern slavery in the hotel industry</li> <li>• Needs of local community including women employment</li> </ul>	<ul style="list-style-type: none"> <li>• We work with local bodies and charities to address these issues which are important to our communities as well as strategic to our business.</li> </ul>

### Memberships and External Initiatives

- British Hospitality Association
- Stop Slavery Hotel Industry Network
- Furniture Industry Research Association
- Hotel Electronic Distribution Network Association, a global forum to advance hospitality distribution through collaboration and knowledge sharing.
- The society of the golden keys- an exclusive society for concierges
- Hotel Bookings Agents Association

# Sustainability Report

## ENVIRONMENTAL STEWARDSHIP

### Resource Efficiency

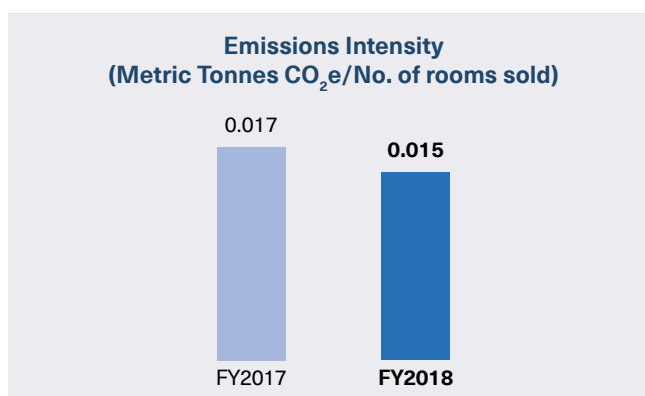
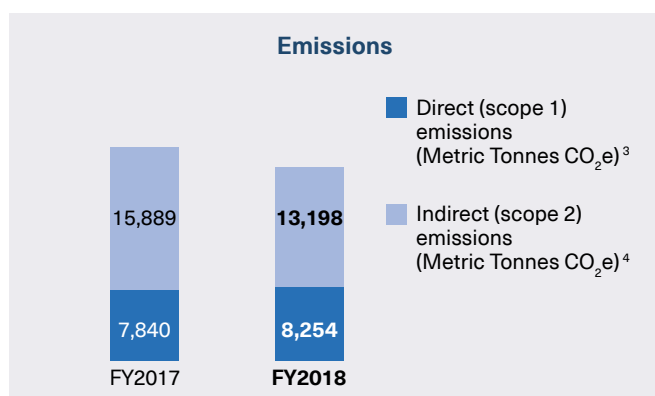
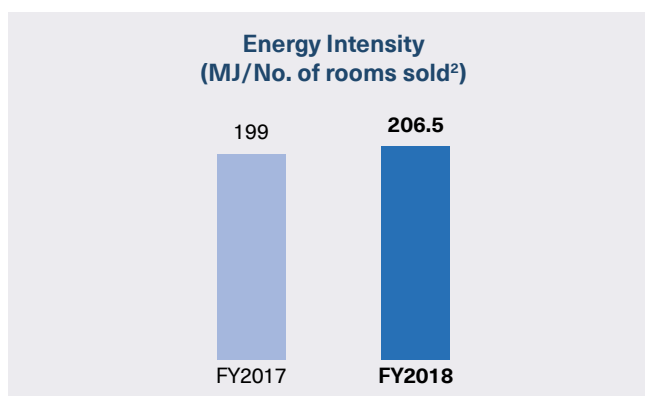
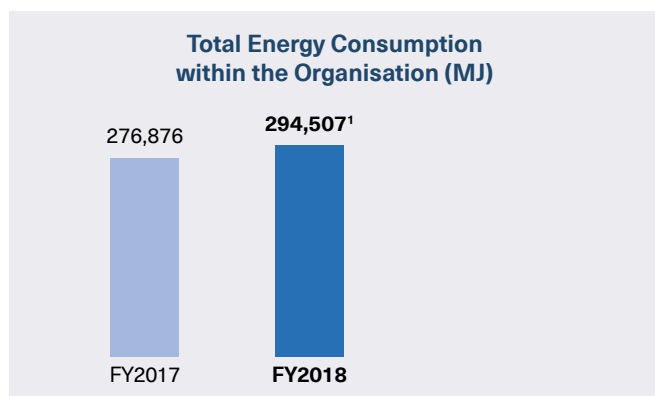
GL recognises that our various economic activities impact the environment and we acknowledge that we have a responsibility to adopt sound environmental management standards. We strive to reduce our ecological footprint through a coordinated effort. In order to focus our efforts, we have completed environmental audits of all our hotels' current activities and have developed hotel specific action plans. We believe that what gets measured, gets managed. The financial year ending 30 June 2019 ("FY2019") will see the implementation of energy and waste reviews with an Energy Dashboard made available by hotel site.

### Energy & Emissions

We are dependent on multiple sources of energy to run our operations, such as electricity in rooms and hotel areas and natural gas in kitchens. Fuel and energy cost makes up a large part of our operational expenditure and is therefore a key area of focus. We continually look for ways to improve the energy efficiency of our buildings and facilities, for example, through the installation of LED lights where possible.

In FY2018, we reduced our electricity consumption by 3,664,497 MJ compared to the preceding financial year. This is due in part to the closure of the Thistle Euston site in September 2017 as a result of its compulsory purchase by the United Kingdom Department for Transport, and in part to the multiple initiatives we have implemented, including Maximum Import Capacity reviews in each of our hotel locations. These reviews determine the appropriate electrical capacity required for each premises, ensure that we pay only for the capacity that we use and set an upper limit on our total electrical load. We have also completed energy reviews at seven of our biggest hotel sites and subsequently put local energy action plans into place. Additionally, the Energy Saving Opportunity Scheme ("Scheme") is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. We have planned Scheme surveys at four of our non-central London hotel properties in order to identify energy and cost saving opportunities. These surveys cover the electricity, gas and transport used in our businesses.

### Performance



### Notes:

- The increase in our reported energy consumption is due to oil fuel consumption at the Thistle Express Swindon, which became operational in August 2017.
- The number of rooms sold in FY2018 is 1,426,504
- Conversion factor used for scope 1 emissions: 0.0000511567 (natural gas); 0.000075268 (oil)
- Conversion factor used for scope 2 emissions: 0.00035156

### Target

Reduce energy intensity (energy consumption per occupied room) based on energy reviews conducted in FY2018.

## Effluents & Waste

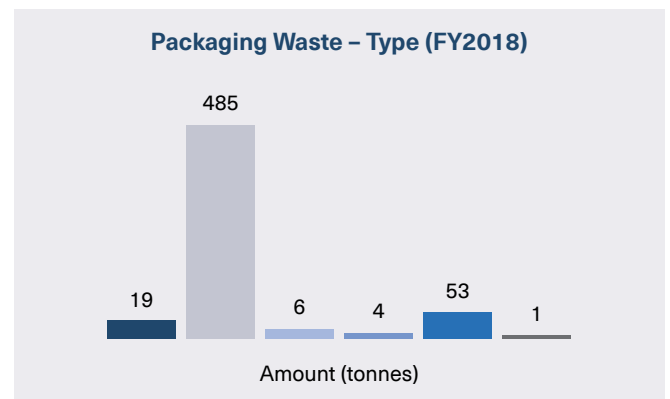
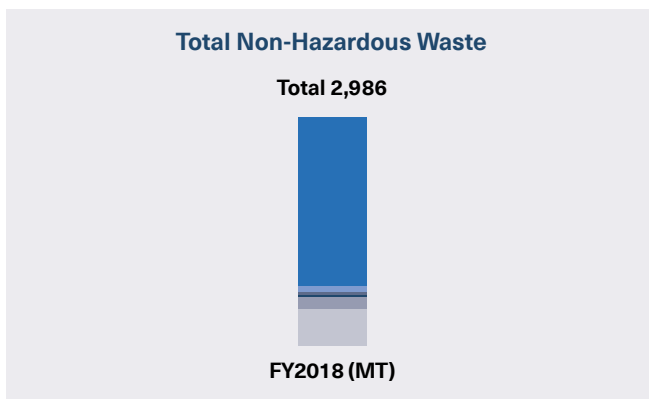
We generate waste throughout our operations, producing waste such as paper and food waste, all of which is collected by local waste contractors. We are in the process of identifying our waste generation baseline, including areas for improvement which we will disclose in our next report.

### Performance

We are pleased to report several initiatives to reduce waste this year including individualised hotel-specific plans to review and implement more recycling. For example, we separate food waste from other waste for composting, which helps to divert organic waste from landfills. In solidarity with the global movement to beat plastic pollution, we are removing single use plastics from our supply chain starting with the removal of plastic straws in FY2018.

We will continually seek opportunities for a further reduction in our waste generation. GL aims to implement a procurement policy that will enable us to avoid the unnecessary use of hazardous materials and processes by collaborating with contractors with similarly high environmental standards.

### Performance



### Recycling

Glass	474
Card	162
Paper	0.5
Mixed	43

### Waste to energy

Food	79
General	2,226

**Total Non-hazardous Waste**  
2,986

Paper	19
Glass	485
Aluminium	6
Steel	4
Plastic	53
Wood	1

### Target

Implement a recycling system in all hotels by the financial year ending 30 June 2020 to ensure all waste is sorted before collection and recycled. Move to zero waste to landfill by the financial year ending 30 June 2025.

## Water Consumption

We are mindful that our operations have an impact on water consumption. Water is a critical resource and constraints on the quality and quantity of water available limits our ability to operate effectively and meet the needs of our customers.

To reduce our water footprint, we have launched a few initiatives aimed at reducing our water consumption. One such initiative involves the display of informational materials for guests in all bathrooms and in-room information.

As part of the energy surveys being carried out, site specific action plans with regard to water will also be outlined. This will include initiatives such as implementing further water restrictors in taps, showers and risers to reduce the amount of water used at source.

### Performance

In FY2018, water consumption was 626,562 cubic meters, all of which came from municipal water utilities. Our water intensity ratio is 0.44.

### Target

We aim to have a 5% reduction in water consumption at each hotel by the financial year ending 20 June 2022.

# Sustainability Report

## SOCIAL RESPONSIBILITY

### *Guest Satisfaction and Safety*

GL is committed to being a responsible corporate citizen for its employees, guests and local communities. Through a system of guest feedback and other forms of stakeholder engagement, we formulate policies and best practices for a positive and enriching experience and environment for our stakeholders and local communities.

#### **Excellent Service**

GL places great emphasis on the comfort and safety of guests in our hotels to ensure they have a memorable stay. Our hotel employees are expected to observe and demonstrate a high standard of professionalism and work ethics at all times in line with our policies and ethical and equal opportunity principles.

Last year, we appointed a Group Guest Service Manager responsible for reviewing hotel guest satisfaction and putting in place actions to drive hotel performance. These included implementing front of house standards to reflect brand positioning and tone, monitoring these standards, working closely with technology to enhance quality training across the operations and systems to maximise customer satisfaction, and developing profile management practices to ensure that data capture is key in driving guest experience and future business.

#### *Performance*

We received more than 46,000 online reviews and more than 31,000 survey responses with positive and negative feedback. Online reviews were amalgamated from approximately 200 sites and our own guest surveys, and collated onto one platform, ReviewPro. ReviewPro compiles the reviews and gives a score for each department, for example, arrival, bedroom cleanliness, breakfast. This allows us to strategically focus on areas for improvement and development. Our Global Review Index score for 2018 was 84%. This is an improvement of 0.5% year on year and we remain firmly committed to providing exceptional guest services. Since the introduction of our service-driven training, "Can Do, Will Do", service scores across the Group have increased from 82% in July 2017 to 87% in June 2018.

#### *Target*

We will continuously strive to improve our guest satisfaction scores.

#### **Guest Safety**

We accord the highest importance towards the safety and security of our guests and anyone who visits our properties. We regularly review our safety standards based on industry best practices. In our hotel kitchens, we adhere strictly to regulated food safety standards to ensure the highest levels of food safety. To ensure customer and employee safety, quarterly audits of our hotels are undertaken by an external company, NSF, to ensure health, safety, hygiene and fire compliance the results of which are shared and regularly reviewed with the General Managers of our hotels.

#### *Performance*

There were no incident of non-compliance concerning the health and safety of our guests.

#### *Target*

Maintain no incidents of non-compliance concerning the health and safety of our guests.

#### **Guest Data Privacy**

GL takes its data protection and privacy obligations very seriously. We have established internal policies and processes to comply with applicable data protection laws, including the UK's Data Protection Act 1998 and The European General Data Protection Regulation ("GDPR"), which came into force in May 2018. We have a data protection framework and mission statement that underpins the deployment and monitoring of relevant policies. There is a methodical process of review and renewal based on company need and changing regulatory landscape. A dedicated Data Protection Officer has been appointed in the UK to ensure compliance with our UK data protection obligations. Core data protection policies are owned by the Data Protection Officer and maintained on a company-wide intranet.

GL has also implemented a thorough review of data collection, handling, processing and usage in line with the new GDPR legislation. Full training has been given to all employees. Following implementation an audit will be scheduled over the coming year.

*Performance*

GL maintains a log of all data protection complaints and requests to allow appropriate remediation and reporting. In the financial year ended 30 June 2017, we had 4 substantiated complaints concerning breaches of customer privacy and losses of customer data. However, we are pleased to report that there were no identified leaks, thefts, or losses of customer data and no substantiated complaints concerning breaches in FY2018. GL was also not subject to any regulatory complaint or enforcement action by the UK’s Information Commissioner’s office, which is responsible for data protection enforcement in the UK.

*Target*

Maintain no breach of customer data privacy in FY2019.

**Human Capital Management**

**Our People**

The hospitality industry is based on relationships. At GL, we work hard to ensure that we have the right people in the organisation who share in our values of passion, progress, doing the right thing and provide exceptional guest experiences. We want to create a place where people want to work, where they have the right tools and environment to do great work, and where they can develop skills to enable them to progress their careers with us.

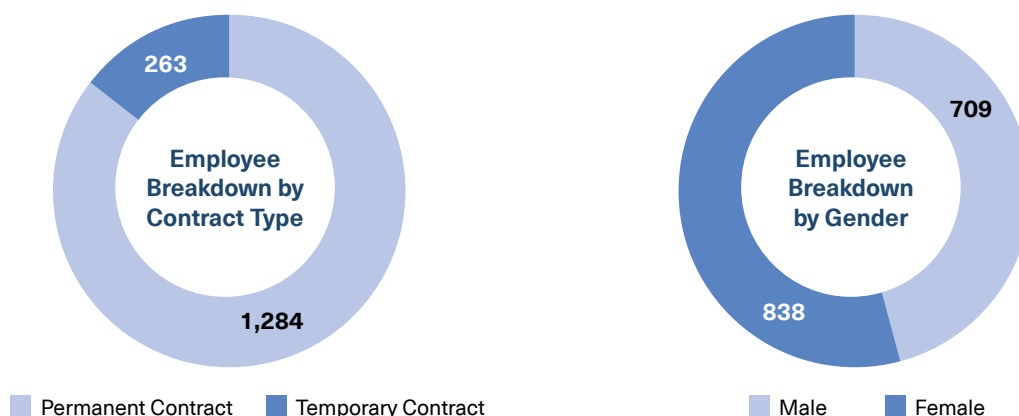
Our hotel employees are the backbone of and the greatest asset of GLH. To ensure our values and practices are aligned, GLH’s Employee Handbook outlines our hotel employee code of conduct and informs our hotel employees of our values and policies. We are also currently developing an Employer Brand for our hotels, which includes an internal and external programme to support deployment such as establishing employee communications and engagement.

We value our staff and their input and encourage them to have a voice. The Peakon Employee Engagement Tool was rolled out in September 2017. This is a monthly online engagement tool that enables a continuous conversation with our hotel employees. We have trained all the General Managers of our hotels in engagement principles and use of the system. All hotels and key functions have engagement targets and engagement key KPIs are posted on monthly dashboards.

In addition to our quarterly hotel employee forums, we have launched regular communication forums across all of GLH, offering hotel employees either weekly, monthly, quarterly and/or annual touch points to communicate and receive feedback.

*Performance*

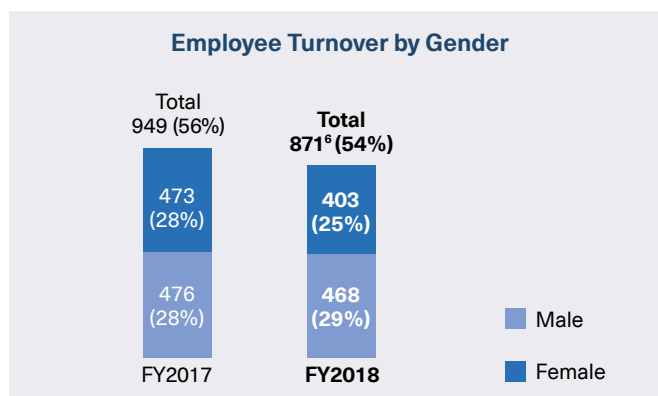
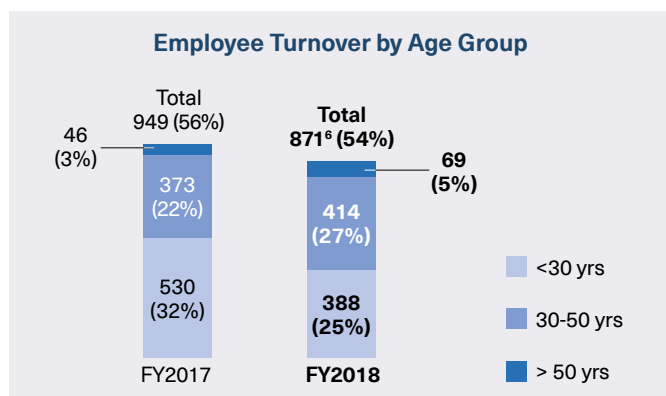
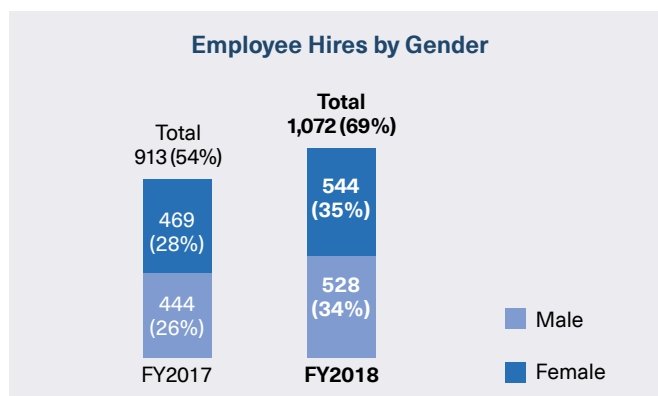
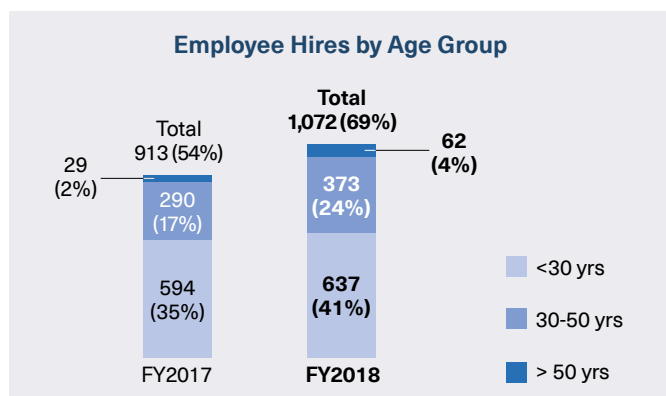
While we employ 82% of GLH’s headcount of 1,547 on permanent contracts, a number of casual workers in our hotels and our housekeeping services are outsourced<sup>5</sup>. In instances of increased business demand and short-term manpower requirements, GL will seek to engage workers under a mutually beneficial and temporary casual working agreement to perform front-line hotel operational roles in various functions such as F&B and guest facing customer service roles. Employee numbers are subject to seasonal variations. All casual workers are forecasted on a 1 Full-Time Equivalent (FTE) basis.



**Note:**

<sup>5</sup> We do not have any employees to whom collective bargaining agreements apply.

# Sustainability Report



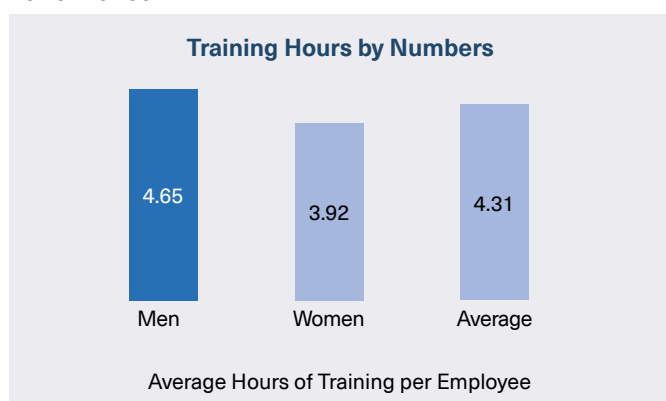
**Note:**  
<sup>6</sup> These numbers include the 69 redundancies that occurred as a result of the closure of Thistle Euston in September 2017 (due to a compulsory purchase order) and Grand Imperial Restaurant at Grosvenor Hotel Victoria in May 2018 (due to refurbishment).

## Talent Acquisition & Retention

Talent management and succession planning are vital components of our human resource strategy. As our business grows, it is increasingly important to ensure that the quality of our services is maintained, which means that we must ensure the safety and well-being of our employees and invest in their training and development.

Our hotel division invests every year in training and development. We focus on 3 core areas: developing core competence to ensure we are an effective and efficient organisation; providing opportunities for skill development to support career development; and line management and leadership development to create a talent pipeline. In FY2018, we launched the GLH campus, which aims to provide a central training centre for all our hotel employees. On-going hotel employee training and development already exists with focus on compliance, front of house and individual needs. New hotel induction programmes as well as new programmes for leadership development, Hotel General Manager development and Hotel Line Management development will be launched later this year. Following the launch of the GLH campus, we are pleased that all 1,547 employees received training. We also reviewed all of GLH's policies and published them across the organisation.

## Performance



### *Target*

We will continue to ensure all new hotel employees are inducted in Health & Safety (“H&S”) requirements and to provide an annual refresher on yet to be identified key H&S issues in FY2019.

### **Fair Working Practices**

Respect for employee rights is fundamental to our human resource principles. We have strict non-discrimination policies to ensure diversity and a fair working environment in our workplace.

A fair working environment should be one that is free of discrimination, harassment, bullying and victimisation. We ensure that our working environment complies with all applicable employment laws including the European Human Rights Legislation. In particular, GL has a UK Grievance Policy that outlines procedures for managing grievances and ensures that all matters are managed privately and confidentially, and in the event of any redundancy we provide outplacement support for affected employees.

In September 2015, GL introduced a Child Protection Policy in GLH. During induction, new hotel employees are required to complete a mandatory e-learning module that includes awareness of child and forced labour. This module is also part of our annual mandatory e-learning programme for existing hotel employees. There is a contractual obligation on our hotel workforce to ensure that it has read, understood, and agree to adhere to this policy. Any breach of this policy would be dealt with in accordance with existing disciplinary procedures, and reported to the Company as appropriate. GL has established a designated Safeguarding Lead who will refer allegations of harm or abuse to the Police Protection Unit. In the event of alleged harm or abuse, hotel employees must make immediate contact with the Safeguarding Lead, who will in turn collate and clarify details and provide information to the Police. Guidelines have been provided to hotel employees on how to successfully gather information and on how to identify particular instances of harm and abuse.

Aside from GL's statutory obligations under the UK Modern Day Slavery Act 2015; the Company currently circulates a Modern Slavery Policy, covering both hotel employees and suppliers. The policy offers guidance to hotel employees in identifying suspected cases of forced labour, as well as human trafficking. This policy extends to our suppliers and is covered in the Code of Conduct that all suppliers have to sign. This Code of Conduct states that GL does not under any circumstances support slavery or human trafficking and we prohibit suppliers from using, participating in or benefitting from such practice.

GL is also very proud to be part of the Stop Slavery Hotel Industry Network, which seeks to work collectively to realise a vision of a slavery-free industry: increasing awareness of modern slavery at all levels within and across hotels, providing an accessible platform for anti-modern slavery resources, information and support, and providing guidance to address challenges identified and faced by the hotel industry as a whole when seeking to tackle modern slavery.

### *Performance*

In FY2018, there were no reported incidences of violation of the Child Protection or Modern Slavery policies.

### *Target*

Maintain no instance of human rights violations and continue to advocate for greater integration of the Stop Slavery Hotel Industry Network.

### **Occupational Health & Safety**

The health and safety of our employees is of utmost importance. GL has clear health and safety policies in place to ensure that we provide a safe and supportive working environment and are compliant with all relevant legislation. Hotel employee concerns and views are represented and managed through on-site health and safety teams at each of our hotels. These teams also manage and oversee guest health and safety concerns. Risk assessments are carried out on roles that are identified as carrying a high risk of occupational disease, and routine monitoring and reporting. Health and safety topics are covered in discussions with unions.

All work-based accidents are recorded in the hotels' Accident and Incident Reports, in line with Company policy. We take care to ensure H&S information is included in the hotel employee handbook issued to each individual when they join our hotels. Our H&S policy is published online and we regularly circulate H&S information on GLH Connect, our intranet as and when legislation or best practice is updated.

### *Performance*

During FY2018, we only had two Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable accidents. Each reported as an injury lasting over 7 days. In one incident, an employee slipped and fell, and in another, an employee broke a finger. Overall, there were 95 non-serious injuries but no fatalities reported across both employees and guests.

### *Target*

Maintain no serious injuries or fatalities as a result of work-related activities in FY2019.

# Sustainability Report

## *Local Communities*

### **Engaging Our Communities**

We have a positive impact on communities through creating jobs, stimulating local economic development and helping to ensure community resilience through skill building opportunities.

We know that our success and the well-being of those who work in our hotels are closely linked. That is why we invest in the communities around us. Our hotels contribute to their local communities and our contributions focus on supporting charity workers and the homeless. We have developed a hotels charity strategy that aims to make a positive impact on society and will review it periodically. The GL Corporate Social Responsibility strategy is communicated across GLH and includes corporate initiatives as well as support for locally driven community activities.

### *Performance*

In particular, we are proud to have forged relationships with the following charities:

#### Room to Reward

Room to Reward is the result of a partnership between a group of UK hotels, Room to Reward is a unique hospitality charity initiative intended to give respite to the outstanding men and women who do so much to strengthen their communities and to care for those who cannot care for themselves. This initiative is a small gesture of gratitude to the people who show compassion, resilience and dedication as they support those who need it most. GL responds to requests from the charity and fulfil requests as and when possible.

#### Stop Slavery Hotel Industry Network

GL is a proud partner organisation of the Stop Slavery Hotel Industry Network, which seeks to work collectively to realise a vision of a slavery-free industry by:

- Increasing awareness of modern slavery at all levels within and across hotels, and provide an accessible platform for anti-modern slavery resources, information and support.
- Creating guidance to address challenges identified and faced by the hotel industry as a whole when seeking to tackle modern slavery.

#### Working Chance

GL has partnered with Working Chance, the UK's only recruitment consultancy supporting women who are leaving the criminal justice and care systems by placing them in jobs with mainstream employers. We work with the charity to help secure employment for suitable candidates.

#### House of St. Barnabus

The House of St Barnabas is a charity that helps London's homeless back into work. We work with the charity to help secure employment for suitable candidates.

#### Chefs Adopt a School Programme

Our Charing Cross Hotel has partnered with the Chefs Adopt a School programme and currently works with St. Joseph's Primary School in Covent Garden. The programme teaches children about food in a holistic sense – where it comes from, how to cook it and its impact on health and the environment. Professional chefs and hospitality professionals deliver sessions in the classroom (and sometimes in restaurants or on farms) which range in content from a taste and sensory session to advanced practical cookery.

### *Target*

Offer paid volunteer days for our hotel employees to encourage greater participation in volunteer programmes.

## GOVERNANCE

### Anti-Corruption

Our reputation is dependent on daily decisions made across the organisation. We are dedicated to upholding integrity and honesty in our operations, and have adopted a zero tolerance policy towards fraud, corruption and unethical actions. Issues that require whistleblowing are those that affect our ability to operate effectively and our reputation.

We have a Whistleblower Policy that ensures any internal or external stakeholder can raise any issue through any of our independent and accessible whistleblowing channels without fear of repercussion. We clearly state what steps need to be taken when someone has a concern, including who to contact, who to speak to if in doubt and how the law protects whistleblowers. This policy is now published on our intranet and included in the new starter pack for hotel employees. Whistleblowing and anti-corruption updates continue to be made available to all hotel staff annually.

#### *Performance*

For FY2018, there was one confirmed incidence of corruption involving theft. We acted immediately and dealt with the incident as appropriate.

#### *Target*

We will continue to review and recirculate our Whistleblowing Policy during FY2019. We aim to have no incident of corruption in FY2019.

### Regulatory Compliance

We are committed to acting in the best interests of GL and its subsidiaries and ensuring we comply with local and international laws and regulations and the GL's codes, standards and policies. Employees are made aware of all relevant laws, regulations and policies through regular training.

#### *Performance*

Non-compliance with such laws, regulations, codes, standards and policies are tracked and addressed and there was no incident recorded in FY2018. There was no incident of non-compliance concerning marketing communications or product and service information and labelling in FY2018.

#### *Target*

We aim to maintain a clean record with no incident of regulatory non-compliance for FY2019. We will continue to stay abreast of all regulatory updates and changes and train our staff accordingly.

## Other Important Issues

### Supply Chain Responsibility

Given the nature of our business, we engage with various contractors, architects, employees, retail customers, and tenants across our value chain.

Although supply chain responsibility is not a material topic, we recognise that our operations are highly dependent on a reliable supply chain which ensures that we are able to receive the goods and services that we require. We have an extensive supplier base of over 1,000 suppliers to procure food and beverages, supplies, fixtures and amenities.

We want to be a well-managed hospitality company, delivering a pleasant and comfortable guest-centred experience in our hotels. With this ambition in mind we also want to be responsible and sustainable in the aspects of our supply chain. We are keen to make sure everything we do is ethical and lawful, and that we work in a socially and environmentally sustainable way. Working with suppliers, partners and our team members, we aim to ensure that everyone understands the social and environmental impact of our operations and work together to make continual improvements to reduce our impact on the environment, and to increase responsible activity as well as deliver a sustainable sourcing approach across our supply chain. It is important to us that our hotel suppliers feel the same way and we have put in place a Supplier Code of Conduct to provide a set of principles that we expect all suppliers to work within. The Code includes our position on principles such as human rights and labour conditions, environmental protection and business ethics. We want to make sure our hotel suppliers have the right policies and processes in place to comply with these principles, and that they also use them with their own suppliers. We require all hotel suppliers to sign and agree to the Code and we continue to engage our hotel suppliers to ensure compliance. The Supplier Code of Conduct is issued as standard to all new hotel suppliers, during tenders, as well as when hotel suppliers log into Web 3 (our online hotel procurement platform).

#### *Target*

In FY2019, we will endeavour to ensure 100% of our hotel suppliers sign our Supplier Code of Conduct.

# Sustainability Report

## GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Page No.
<b>General disclosures</b>		
102-1	Name of the organization	Annual Report
102-2	Activities, brands, products, and services	Annual Report
102-3	Location of headquarters	Annual Report
102-4	Location of operations	Annual Report
102-5	Ownership and legal form	Annual Report
102-6	Markets served	Annual Report
102-7	Scale of the organization	Annual Report, Social responsibility – Our people
102-8	Information on employees and other workers	Social responsibility – Our people
102-9	Supply chain	Governance – Supply Chain Management
102-10	Significant changes to the organization and its supply chain	Annual Report, Governance – Supply Chain Management
102-11	Precautionary Principle or approach	Sustainability at GL, Environmental Stewardship
102-12	External initiatives	Sustainability at GL
102-13	Membership of associations	Sustainability at GL
102-14	Statement from senior decision-maker	Message from the Chairman
102-16	Values, principles, standards, and norms of behaviour	Social Responsibility, Governance
102-18	Governance structure	Annual Report, Sustainability at GL
102-40	List of stakeholder groups	Sustainability at GL
102-41	Collective bargaining agreements	Social responsibility – Our people
102-42	Identifying and selecting stakeholders	Sustainability at GL
102-43	Approach to stakeholder engagement	Sustainability at GL

Disclosure Number	Disclosure Title	Page No.
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102-45	Entities included in the consolidated financial statements	Annual Report
102-46	Defining report content and topic Boundaries	About this Report
102-47	List of material topics	Sustainability at GL
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	About this Report
102-51	Date of most recent report	About this Report
102-52	Reporting cycle	About this Report
102-53	Contact point for questions regarding the report	About this Report
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	GRI Content Index
102-56	External assurance	About this Report

# Sustainability Report

Disclosure Number	Disclosure Title	Page No.
<b>Specific Standard Disclosures (GRI Standards 2016)</b>		
<b>Material topic: Resource efficiency</b>		
103-1/2/3	Management Approach	Environmental stewardship – Energy and Emissions
302-1	Energy consumption within the organisation	Environmental stewardship – Energy and Emissions
302-3	Energy intensity	Environmental stewardship – Energy and Emissions
303-1	Water withdrawal by source	Environmental stewardship – Water consumption
305-1	Direct (Scope 1) GHG emissions	Environmental stewardship – Energy and Emissions
305-2	Energy indirect (Scope 2) GHG emissions	Environmental stewardship – Energy and Emissions
305-4	GHG emissions intensity	Environmental stewardship – Energy and Emissions
306-2	Waste by type and disposal method	Environmental stewardship – Effluents and waste
<b>Material topic: Human Capital Management</b>		
103-1/2/3	Management Approach	Social Responsibility – Our people
401-1	New employee hires and employee turnover	Social Responsibility – Our people
404-1	Average hours of training per year per employee	Social Responsibility – Our people
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Social Responsibility – Our people
408-1	Operations and suppliers at significant risk for incidents of child labour	Social Responsibility – Our people
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Social Responsibility – Our people

Disclosure Number	Disclosure Title	Page No.
<b>Material topic: Guest satisfaction</b>		
103-1/2/3	Management Approach	Social Responsibility – Guest satisfaction and safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social Responsibility – Guest satisfaction and safety
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social Responsibility – Guest satisfaction and safety
<b>Material topic: Local communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Social Responsibility – Local communities
<b>Material topic: Anti-Corruption</b>		
103-1/2/3	Management Approach	Governance – Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	Governance – Anti-Corruption
<b>Material topic: Regulatory compliance</b>		
103-1/2/3	Management Approach	Governance – Regulatory Compliance
417-2	Incidents of non-compliance concerning product and service information and labelling	Governance – Regulatory Compliance
417-3	Incidents of non-compliance concerning marketing communications	Governance – Regulatory Compliance

# Corporate Governance

GL Limited (“**Company**” or “**GL**”) is committed to maintaining high standards of corporate governance and endeavours to continuously keep abreast of developments and new practices in corporate governance.

The framework of the Company’s corporate governance is substantially in line with the principles and guidelines of the Singapore Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012 (“**Code**”). The lynchpin of such framework is the Company’s Corporate Governance Code, which sets out its internal corporate guidelines.

During the financial year ended 30 June 2018 (“**FY2018**”), the Company complied with the principles and guidelines of the Code save in the areas which are set out and explained in the relevant sections below.

## (A) BOARD MATTERS

### Principle 1

#### Board’s Conduct of Its Affairs

The Company is headed by a Board whose role and responsibilities include providing entrepreneurial leadership, setting the business strategy of the Company and its subsidiaries (collectively “**Group**”), and overseeing the business affairs of the Group and the performance of the Group’s management (“**Management**”). The Board carries out its oversight function by assuming responsibility for effective stewardship and corporate governance of the Group and safeguarding the interests of the Group and its stakeholders.

In addition, the Board is responsible for setting the Company’s values and ethical standards. The Group has a strong corporate culture exemplified by its core values.

The Company’s Corporate Governance Code serves as an internal guide on corporate governance and other matters. It sets out the matters reserved for the Board’s approval. These include approving strategic business and financial plans, individual investment and divestment decisions which the Board determines should be referred to it before implementation, and material transactions which are not within the Company’s ordinary course of business. “Material transaction” is not defined by the Company’s Corporate Governance Code; instead, materiality must be assessed by the Management based on the terms and circumstances of each transaction.

The Board meets at least once quarterly. Additional meetings are convened as and when necessary. Where appropriate, decisions may be taken by way of Directors’ circular resolutions. As provided in the Company’s Bye-Laws, Board meetings may be held via teleconference or videoconference.

The Board has delegated certain of its functions to the following Board Committees:

- Audit and Risk Management Committee (“**ARC**”);
- Nominating Committee (“**NC**”); and
- Remuneration Committee (“**RC**”).

Each Board Committee reviews the matters which fall within its terms of reference as stated in the Company’s Corporate Governance Code, and reports its decisions to the Board, which endorses such decisions and accepts ultimate responsibility on such matters.

The Board and the ARC each held four meetings during FY2018. Each of the NC and RC met once during FY2018.

The Directors' attendance at Board and Board Committee meetings for FY2018 is set out below:

Attendance at Board and Board Committee Meetings during FY2018				
	Board	ARC	NC	RC
<b>No. of Meetings Held</b>	4	4	1	1
<b>Board Members</b>				
Kwek Leng Hai	4	N.A.	1	1
Philip Burdon	4	N.A.	1	1
Paul Jeremy Brough	4	4	N.A.	N.A.
Jennie Chua	4	4	1	1
Timothy Teo Lai Wah	4	4	N.A.	N.A.
Tang Hong Cheong	4	N.A.	N.A.	N.A.

A newly appointed Director receives an appointment letter which sets out his duties and obligations and encloses copies of the Company's latest Annual Report, Bye-Laws, Corporate Governance Code, organisation charts and, if applicable, the charter of each Board Committee to which he or she is appointed.

All Directors must objectively discharge their duties and responsibilities as fiduciaries of the Company and act in the interests of the Company. The Company's Corporate Governance Code requires the Board to safeguard the Company's interests and assets. The Directors must demonstrate the highest level of integrity by maintaining the utmost confidentiality regarding the Company's business as well as identifying, disclosing and managing conflicts of interest, and each Director is assessed regarding the same during annual Board evaluations. The Company's Corporate Governance Code defines "conflict of interest" as including affiliations with competitors of the Company or with parties which are likely to be regular counter-parties to transactions with the Company.

However, the Company recognises that it may not always be possible to ensure that conflicts do not arise and has established the following procedure to deal with conflicts of interest:

- A Director must declare to the Board any conflict of interest.
- As soon as practicable after such declaration, the Board will meet to review the conflict and determine a process for dealing with the issue.
- While a Director who is interested in a transaction with the Company may attend and participate in the Board meeting at which such transaction is discussed, he or she may not vote in respect of such transaction.

All Directors are encouraged to attend, at the Company's cost, seminars to keep abreast of relevant developments, particularly in areas of leadership, industry-related matters and corporate governance. The Company's external auditors brief and update the ARC on developments in accounting and governance standards which have a direct impact on financial statements. Directors are also given summaries of regulatory updates, implications of regulatory changes and developments and the actions to be taken to ensure compliance.

# Corporate Governance

## Principle 2

### Board Composition and Guidance

Up to 24 August 2018, the Board was comprised of six well-qualified members who are business leaders or professionals with financial, banking and/or hospitality backgrounds.

Mr Burdon retired as a Director of the Company in August 2018. On his retirement, Mr Burdon ceased to be the Chairman of the NC and RC as well.

With Mr Burdon's retirement, the Board is comprised of five directors, including three independent directors. Mr Paul Brough, an independent Director, has taken on the role of Chairman of the NC and RC.

As a group, the Board members provide an appropriate balance and diversity of skills, experience and knowledge of the Company and its business, as well as the necessary core competencies.

The NC reviews the size and composition mix of the Board and the Board Committees annually.

The NC considers the Board's present size to be appropriate after taking into account the nature and scope of the Group's operations. No individual or group of individuals dominates the Board's decision-making process.

Profiles of the Directors are set out on pages 6 to 8. The Chairman of the Board, Mr Kwek Leng Hai, is a non-executive, non-independent Director. The majority of the Directors, before as well as after Mr Burdon's retirement, are non-executive and are considered independent by the NC. This is in line with the Code, which provides that independent directors should make up at least half of the Board where the chairman of the board is not an independent director.

Throughout FY2018, the Company had one executive Director, Mr Tang Hong Cheong.

The NC determines the independence of the Directors annually. In making such determination, the NC takes into consideration the guidelines set out in Guideline 2.3 of the Code, as well as a Director's ability to avoid any conflict of interests (including abstaining from decisions regarding transactions in which such Director has a direct or indirect interest). Each Director abstains from the discussion and decision in respect of his or her independence.

The NC is of the view that the Company's following non-executive Directors are independent: Mr Philip Burdon (up to his retirement as a Director on 25 August 2018), Mr Paul Brough, Ms Jennie Chua and Mr Timothy Teo. There is no Director who is deemed to be independent by the Board notwithstanding the existence of a relationship stated in the Code that would otherwise cause him to be deemed not independent.

Prior to his retirement as a Director on 25 August 2018, Mr Philip Burdon served on the Board for more than nine years but the NC considered him independent. Mr Burdon demonstrated independence of character and judgement in the discharge of his responsibilities as a Director of the Company, and there were no relationships and circumstances that could or were likely to affect his judgement and ability to discharge his duties as an independent Director. Mr Burdon actively expressed his independent opinions with regard to the Company and its business, and frequently made suggestions and recommendations for the benefit of the Company. For these reasons, the NC took the view that Mr Burdon was independent up to his retirement as a Director on 25 August 2018.

The non-executive Directors (who are Mr Kwek Leng Hai, Mr Paul Brough, Ms Jennie Chua, Mr Timothy Teo, and Mr Philip Burdon prior to his retirement on 25 August 2018) constructively participate in developing proposals on Company strategy, reviewing the performance of the Management in meeting goals and objectives and monitoring the reporting of performance. Among the Board's functions is the review and approval of the Company's strategic, business and financial plans and the monitoring of the Company's performance against such plans in order to evaluate whether the business is properly managed. The non-executive Directors are actively involved in such review, approval and monitoring. Along with the Executive Director Mr Tang Hong Cheong, the non-executive Directors receive quarterly business and financial updates and are diligent in reviewing such updates.

The Company encourages its independent Directors (who are Mr Paul Brough, Ms Jennie Chua, Mr Timothy Teo, and Mr Philip Burdon prior to his retirement on 25 August 2018) to meet for informal discussions without the presence of Management to promote free and open discussions on issues concerning the Company, and to provide feedback to the Board on such issues. After Mr Burdon's retirement, the independent Directors comprise three of the Company's four non-executive Directors. The fourth non-executive Director is Mr Kwek Leng Hai, who is the non-executive Chairman and is not an independent Director. While the non-executive Directors do not meet formally without the presence of Management, the Company is of the view that the informal discussions of the independent Directors sufficiently facilitate an effective check on Management.

### **Principle 3 Chairman and Group Managing Director ("GMD")**

There is a clear division of responsibilities in the roles and functions of the Chairman and the GMD. These positions are held by Messrs Kwek Leng Hai and Tang Hong Cheong respectively.

In his leadership of the Board, the Chairman ensures that the Board is effective in all aspects of its role. The Chairman exercises control over the quality, quantity and timeliness of the flow of information to the Board by requiring Management to provide updates to the Board on the Company's performance and to keep the Board informed of developments and issues which would have a material impact on the Company. He has oversight of the preparation of the agenda and papers for each Board meeting, and conducts Board meetings so that each agenda item is adequately considered. The Chairman promotes a culture of openness and debate within the Board by consulting his fellow Directors, in particular, the non-executive Directors, on matters placed before the Board and encouraging frank and open discussion of the same. In ensuring that questions raised and information requested by Directors are responded to and provided promptly and adequately, the Chairman fosters constructive relations among the members of the Board and between the Board and Management.

During the Company's general meetings, the Chairman is key in ensuring effective communication between the Company and its shareholders, often personally responding to questions relating to the Company's strategic stance.

The Chairman sets a benchmark for the Company's corporate governance, recommending policies and practices to ensure that high standards of corporate governance are maintained by the Company.

The GMD is responsible for implementing the vision and strategic direction of the Group and the policies and decisions of the Board, initiating business ideas and corporate strategies to create a competitive edge and enhance shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

### **Lead Independent Director**

All independent Directors are well experienced, and regular and active interactions amongst them (including their attendance at Board and Board Committee meetings) provide sufficient opportunities for them to coordinate and to work together as a group.

The Directors and Management are accessible to the Company's shareholders, and the Company has always responded to the queries of its shareholders. The absence of a Lead Independent Director has not impacted and will not impact such accessibility or the Company's response to shareholders' queries.

As stated in the final paragraph under Principle 2, the Company encourages its independent Directors to meet for informal discussions without the presence of Management.

For the above reasons, the Board does not consider it necessary to appoint a Lead Independent Director.

# Corporate Governance

## **Principle 4 Board Membership**

As mandated by its written terms of reference, the NC reviews and recommends all new Board appointments and the re-appointment of Directors to the Board. In particular, the NC:

- determines annually the independence of each Director;
- assesses annually the effectiveness of the Board as a whole and of the Board Committees, as well as the contributions of each Director;
- reviews the Board succession plan; and
- reviews the training and professional development of the Directors.

Following Mr Philip Burdon's retirement, the composition of the NC is as set out on the inside back cover.

The NC has put in place a process for assessing the independence of Directors as well as the effectiveness of the Board and Board Committees and the contributions of the Directors. The latter enables the NC to determine the training which each Director requires. As prescribed by the Company's Bye-Laws, each Director retires from office and is subject to re-election by the shareholders at the Company's general meeting at least once every three years.

In the selection and appointment of a new Director, candidates may be put forward or sought through contacts and recommendations. Candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board, including gender diversity. Through the annual Board evaluation process, details of which are set out under Principle 5, the NC determines the competencies required to complement the skills and competencies of the existing Directors.

When deciding whether a Director is able to and has adequately carried out his or her duties and has sufficient time and attention to give to the Company, the NC considers a number of factors. These are the number of appointments held by that Director on the boards of listed companies, his or her other principal commitments, his or her attendance at the Company's Board meetings and meetings of the Board Committee(s) of which he or she is a member, and the level of his or her engagement during such meetings. The NC has noted the other directorships held by each of the Directors and is satisfied, based on the latest annual evaluation, that each of the Directors is able to devote sufficient time and attention to the affairs of the Company.

The Board has not prescribed a cap on the number of board memberships a Director may hold as it believes that each Director should personally determine the demands of his or her other directorships and commitments and assess how much time is available for serving effectively on the Board and Board Committee(s) of the Company. Notwithstanding the absence of a cap, the Company believes that the robustness of the NC's evaluation of each Director's ability to carry out his or her duties stands it in good stead.

The Company does not have any Alternate Director.

## **Principle 5 Board Performance**

On an annual basis, the NC assesses the effectiveness and performance of the Board as a whole and of the various Board Committees, and the contributions of each Director to the effectiveness of the Board.

This assessment takes into account the performance of the Company, the attendance and contributions of the Directors at meetings of the Board and Board Committees, the Directors' participation in the affairs of the Company, the independence of the Directors, their individual skills, experience and time commitment (in particular, of the Directors who serve on the boards of other listed companies) as well as the overall Board size and composition. Such performance criteria are objective to ensure robust evaluations, and have been approved by the NC as well as the Board. The Company has applied such performance criteria without change since such approval.

Each Director is required to evaluate the performance of the Board and of the Board Committee of which he is a member, and to carry out a self-assessment. The results of such evaluations are then collated and presented to the NC for consideration.

The results of the evaluations of the Board, Board Committees and Directors are communicated by the NC to the Board.

On the basis of such evaluations, the NC is satisfied that, for FY2018, the Board and Board Committees have been effective in the conduct of their respective duties and the Directors have each contributed to the effectiveness of the Board and the Board Committees of which they are members.

The Company did not use the services of an external facilitator for its FY2018 board assessment.

#### **Principle 6 Access to Information**

Management recognises the importance of providing the Board with complete and adequate information in a timely manner in enabling the Directors to make informed decisions in the discharge of their duties and responsibilities.

All Directors are made aware of the Company's policies, procedures and practices relating to governance issues, including disclosure of interests in securities, dealings in the Company's securities, restrictions on disclosure of price sensitive information and disclosure of interests relating to the Group's businesses.

Directors have separate and independent access to Management and the Company Secretary, whose role includes ensuring that Board procedures as well as applicable rules and regulations are complied with. The Company Secretary attends all Board and Board Committee meetings, ensures good information flow from Management to the Board and Board Committees as well as individual Directors, and advises on corporate governance matters. The appointment and resignation of the Company Secretary must be approved by the Board.

Prior to each Board or Board Committee meeting, Directors are provided with the agenda and papers which contain information to enable full deliberation at the meeting on relevant issues. Where a decision has to be made by the Board or a Board Committee without a meeting, a resolution is circulated for the signature of the relevant Directors in accordance with the Bye-Laws of the Company, accompanied by such information as is necessary to enable the relevant Directors to make an informed decision on the proposed resolution.

Management keeps the Board apprised of the Company's operations and performance through updates and reports.

The Directors may seek independent professional advice at the Company's expense where appropriate.

### **(B) REMUNERATION MATTERS**

#### **Principle 7 Procedures for Developing Remuneration Policies**

The RC reviews and recommends to the Board a framework of remuneration for the Board and key executives.

Following Mr Philip Burdon's retirement, the composition of the RC is as set out on the inside back cover.

The RC's duties include the following:

- Recommending to the Board a framework of remuneration for the Board and key executives which covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- Reviewing the terms of employment arrangements with Management to develop consistent group-wide employment practices subject to regional differences; and
- Administering share schemes, including the Company's Executives' Share Option Scheme ("**ESOS 2008**").

The RC has not used the services of a remuneration consultant.

The RC reviews the Company's obligations in the event of termination of the contract of services of an executive Director or a member of the key management personnel, to ensure that such termination is effected on fair and reasonable terms and do not obligate the Company to make any payment which is overly generous. During FY2018, the Company did not pay any termination, retirement or post-employment compensation or benefits to any executive Director or any member of the key management personnel.

# Corporate Governance

## Principle 8

### Level and Mix of Remuneration

Directors who are not executive Directors or salaried Directors employed by the Company or its related corporations are paid Director's fees which are based on corporate and individual responsibilities and in line with industry norm. Such Directors are paid additional fees if they serve on Board Committees. Mr Kwek Leng Hai, who is the non-executive Chairman of the Company, does not receive Director's fees. Aggregate Director's fees for FY2018 amount to S\$376,000 and are subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting ("**AGM**") in October 2018.

Remuneration packages for executive Directors and Management comprise a fixed component (in the form of a base salary, a 13th month Annual Wage Supplement and, where applicable, fixed allowances and other benefits-in-kind in accordance with the Group's human resource policies), and a variable component (which includes variable bonuses) determined in each specific year by the Group's and the individual's respective performances as well as industry practice in order to align the same with the interests of the Company's shareholders.

The Company established ESOS 2008 as a long-term incentive scheme to promote the Company's long-term success. Under ESOS 2008, options for shares in the Company may be granted to confirmed employees and executive Directors of the Group. Employees and directors of Guoco Group Limited or of the Company's controlling shareholders and/or of their subsidiaries and associates are not eligible to participate in ESOS 2008. Details of ESOS 2008 are set out in Note 22 of the Notes to the Financial Statements on pages 92 to 95.

Other than ESOS 2008, the Company does not have any other employee share option scheme in place.

Pursuant to Rule 15 of the rules of ESOS 2008, ESOS 2008 will expire on 20 November 2018 and the Company by resolution in general meeting, the Directors or the Committee may at any time terminate ESOS 2008.

In view of the expiry date of the ESOS 2008, it is proposed that the Directors terminate ESOS 2008 and the Company adopt a new share scheme to be known as the GL Limited Executives' Share Scheme 2018 ("**New Scheme**").

Details of the New Scheme may be found in the Addendum to shareholders dated 8 October 2018.

In reviewing and determining the remuneration packages of executive Directors and Management, the RC considers their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talent.

The Company does not practice reclaiming incentive components of remuneration of its executive Directors and key management personnel.

**Principle 9**  
**Disclosure on Remuneration**

Having considered the guidelines in the Code on disclosure of Directors' remuneration, the RC is of view that full disclosure of Directors' fees to be paid for FY2018 is appropriate. However, with regard to the salary paid to Mr Tang Hong Cheong, who is an executive Director and also the GMD, the RC considered the sensitive nature of the information, the highly competitive business environment in which the Group operates and the impact such disclosure would have on the Group, and is of the view that the current disclosure on a named basis and in bands of S\$250,000 (including the provision of a breakdown in percentage terms) is sufficient.

The remuneration of the Directors and GMD of the Company for FY2018 is as follows:

Director	Directors Fees (S\$)	Salary & Allowance (S\$)	Bonus (S\$)	Benefits (S\$)	Share-Based Remuneration (S\$)	Pension Contribution (S\$)	Total (S\$)
Kwek Leng Hai <sup>1</sup>	-	-	-	-	-	-	-
Philip Burdon	76,000	-	-	-	-	-	76,000
Paul Jeremy Brough	95,000	-	-	-	-	-	95,000
Jennie Chua	105,000	-	-	-	-	-	105,000
Timothy Teo Lai Wah	100,000	-	-	-	-	-	100,000
<b>Director &amp; GMD</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Below S\$250,000							
Tang Hong Cheong	-	100	-	-	-	-	100

**Notes:**

<sup>1</sup> Mr Kwek Leng Hai does not receive any Director's fee as non-executive Chairman of the Company.

The remuneration of the top five key executives who are not Directors of the Company or the GMD are disclosed below in bands of S\$250,000, but the aggregate and the breakdown of such remuneration is not disclosed so as to maintain confidentiality of staff remuneration matters and to support the Company's efforts in attracting and retaining executive talent in a competitive human resource environment:

Total Remuneration in Bands of S\$250,000	Number of Key Executives who are not Directors of the Company	
	FY2018	FY2017
S\$1,250,001 to S\$1,500,000	1	0
S\$1,000,001 to S\$1,250,000	0	1
S\$750,001 to S\$1,000,000	0	0
S\$500,001 to S\$750,000	4	2
S\$250,001 to S\$500,000	0	2

The Company and its principal subsidiaries do not have any employee who is an immediate family member of any of the Directors (including the executive Director) and whose remuneration exceeded S\$50,000 during FY2018.

The Company does not believe it is in its interest to disclose details regarding the performance criteria which determine the entitlement of the executive Director and GMD Mr Tang Hong Cheong and of its key management personnel to the variable component of their remuneration packages or share options under ESOS 2008 and whether such performance criteria have been met, as such disclosure could give rise to talent recruitment and retention issues in the current competitive human resource environment.

# Corporate Governance

## (C) ACCOUNTABILITY AND AUDIT

### **Principle 10 Accountability**

The Board is committed to providing the Company's shareholders with a balanced and understandable assessment of the Company's performance, position and prospects via announcements of its quarterly and annual financial results.

Management provides the Board with the Company's accounts on a quarterly basis. Such reports enable the Directors to keep abreast of the Group's operating and financial performance and position, and to make a balanced and informed assessment of the performance, position and prospects.

All Directors are kept apprised of key legislative and regulatory requirements and changes and, where necessary, written policies and procedures are established to reflect such requirements and changes.

### **Principle 11 Risk Management & Internal Controls**

The Board recognises the importance of a sound system of internal controls to safeguard shareholders' interests and investments and the Group's assets, and to manage risks. The Board determines the Group's risk profile and oversees the formulation, implementation and monitoring of the Group's internal controls. The Board is assisted in this task by the ARC, which functions as a risk management committee in addition to its role as the audit committee of the Board.

The ARC works with Management to articulate the Group's risk policies by identifying significant risks which might impact the Group's business. The Company maintains a Risk Register which is reviewed periodically by the ARC and Management. A risk rating system has been established to identify the tolerance level for the various identified risks and to determine the likelihood of incidence of such risks. Guidelines and strategies for the mitigation of such risks are set out in the Risk Register.

The ARC ensures the effective implementation and monitoring of internal controls by Management and the Internal Audit Department. The Internal Audit Department reports directly to the ARC. The Internal Audit Department adheres to an audit plan approved by the ARC in reviewing and testing the adequacy and effectiveness of the Group's internal controls.

On an annual basis, an Internal Audit and Risk Assurance Report is presented to the ARC on significant risks and risk exposures impacting the Group's key businesses and the measures taken by Management to address them.

The Board recognises that no system of control will provide absolute assurance against material misstatement or loss. However, based on the findings from reviews carried out by the Internal Audit Department and the assurance from the Head of the Internal Audit Department, Management and external auditors, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal controls for addressing financial, operational, compliance and information technology risks are adequate and effective.

On 24 August 2018, the Board received assurance from Mr Tang Hong Cheong and Mr Ho Kah Meng, who are the GMD and Chief Financial Officer respectively of the Company, that:

- The financial records of the Company have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company's operations and finances; and
- The Company's system of risk management and internal controls is effective in addressing the material risks in its current business environment including financial, operational, compliance and information technology risks.

**Principle 12**  
**Audit and Risk Management Committee**

The composition of the ARC is as set out on the inside back cover. All the members of the ARC are non-executive Directors. All of its members, including the ARC Chairman, are independent.

All the ARC members have recent and relevant accounting or related financial management expertise or experience, and the Board is satisfied that such members are appropriately qualified to discharge their responsibilities.

The ARC has:

- explicit authority to investigate any matter within its terms of reference;
- full access to and cooperation from Management;
- the discretion to invite any Director or executive officer to attend its meetings; and
- reasonable resources for the proper discharge of its functions.

The terms of reference of the ARC are set out in the Company's Corporate Governance Code.

Under the terms of reference of the ARC, the ARC's duties include the following:

- Reviewing the Group's financial statements prior to their submission to the Board;
- Reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology and risk management controls);
- Reviewing the adequacy, results and effectiveness of internal and external audit;
- Reviewing the independence of external auditors and confirming that non-audit services (if any) provided by external auditors do not affect their independence, and making recommendations to the Board on the appointment of external auditors;
- Meeting with the Company's internal and external auditors in the absence of Management;
- Noting or reviewing interested person transactions; and
- Reviewing the Company's whistle-blowing policy which sets out the procedure for raising, responsibly and in confidence, concerns about possible improprieties.

During FY2018, the work performed by the ARC included the following:

- Reviewing the Group's financial statements prior to submission to the Board;
- Reviewing the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology and risk management controls);
- Reviewing the adequacy, results and effectiveness of internal and external audit;
- Reviewing the independence of external auditors and confirming that non-audit services (if any) provided by external auditors do not affect their independence, and making recommendations to the Board on the appointment of external auditors;
- Meeting with the Company's internal and external auditors in the absence of Management; and
- Noting and reviewing interested person transactions.

For FY2018, audit fees of US\$543,817 were paid or are payable to the Company's external auditors. Total non-audit fees of US\$96,798 are payable to the external auditors in FY2018.

The ARC has discussed the key audit matters with Management and the Company's external auditors, and concurs with the findings and conclusions included in the Report of the Auditors with respect to the key audit matters. For more information on the key audit matters, please refer to pages 42 to 47 of this Annual Report.

# Corporate Governance

In August 2006, the Company adopted a whistle-blowing policy under which the staff of the Group and third parties may raise concerns regarding fraud, theft and other improprieties at work to the ARC Chairman or the Internal Audit Department for investigation. The policy provides reassurance to whistle-blowers that they will not be victimised if they act in good faith.

The external auditors keep the ARC apprised of any changes to accounting standards and issues which have a direct impact on the Company's Financial Statements.

The Company is in compliance with Guideline 12.9 of the Code.

The Company has complied with Rules 712, 715 and 716 of the Listing Manual issued by SGX in relation to the appointment of its external auditors.

## **Principle 13 Internal Audit**

The Group has an Internal Audit Department, comprising three experienced and qualified personnel, which assists the ARC in discharging its responsibilities. The ARC approves the employment, compensation, evaluation and removal of the Head of the Internal Audit Department. The Head of the Internal Audit Department reports directly to the ARC Chairman.

The Internal Audit Department has appropriate standing in the Group as it has the support and backing of the ARC and Management in the discharge of its function. In addition, the Internal Audit Department has access to external specialised expertise when necessary. Given such access, the ARC is of the view that the Group's internal audit function is adequately resourced.

The Internal Audit Department has unfettered access to the ARC, as well as all of the Company's documents, records, properties and staff.

The Internal Audit Department reviews the effectiveness of the Group's internal controls. Material non-compliance and internal control weaknesses noted during such audit and the recommendations of the Internal Audit Department are reported to the ARC quarterly.

Internal mitigating controls under the Group's risk management framework may not eliminate all risks of failure, but these control mechanisms seek to provide reasonable assurance against material misstatement or loss.

The Company's internal auditors meet or exceed the standards set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARC reviews the adequacy and effectiveness of the Internal Audit Department function annually.

## **(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES**

### **Principle 14 Shareholder Rights**

The Company treats its shareholders in a fair and equitable manner by protecting and facilitating the exercise of the rights of its shareholders and continually reviewing and updating the relevant governance arrangements.

Shareholders are given opportunities to participate and vote at the Company's general meetings. Notice of general meetings and the Company's Annual Reports are provided to the shareholders in a timely manner to ensure that the shareholders have adequate notice of the general meetings and sufficient information to exercise their rights at the general meetings. If any shareholder is unable to attend a general meeting, he or she may appoint up to two proxies to attend and vote on his or her behalf at such general meeting.

The Company has used the electronic poll voting system at its AGM since 2013, and will do so at its AGM in October 2018. Prior to polling, the electronic polling procedures are explained to the shareholders. An external independent scrutineer is appointed to oversee the polling process.

**Principle 15**  
**Communication with Shareholders**

The Company engages its shareholders through timely and adequate disclosure of information on matters of material impact to its shareholders.

The principal forum for the Company's dialogues with shareholders is its general meetings, during which shareholders are given the opportunity to comment on and query matters relating to the Company. The Board, Management, the Company Secretary and the Company's external auditors are present at these meetings to address any questions that shareholders may have.

The Company provides information on the Group's financial performance, position and prospects by means of announcements released through SGXNet, the Company's Annual Reports and the Group's press releases. To ensure that all shareholders are made aware of such press releases, such press releases are posted on SGXNet.

To enhance communication with its shareholders, the Company's website at <http://www.gl-grp.com> provides access to its Annual Reports, financial highlights and announcements, as well as other information regarding the Company. In addition, the website includes a link which allows the Company to be easily contacted.

Enquiries from shareholders, investors, analysts and the press are handled by designated members of Management in lieu of a dedicated investor relations team.

Management meets investors and analysts on a regular basis. Such meetings provide a forum for explaining the Group's business strategy.

The Company ensures that all information that is disclosed is made available by one or more of the above means to all shareholders rather than a select group.

The Company does not have a fixed dividend policy. The frequency and amount of dividends depend on the Company's earnings, cash flow, capital requirements, general financial and business conditions and other factors as the Board deems appropriate. Bearing such considerations in mind, the Company endeavours to achieve a balance between meeting the expectations of its shareholders and prudent financial management. Declarations of dividend are clearly communicated to shareholders via announcements on SGXNET when the Company releases its annual financial results.

**Principle 16**  
**Conduct of Shareholder Meetings**

The Company encourages active shareholder participation during its general meetings, and ensures that adequate time is allotted during such meetings for soliciting and addressing comments and queries from its shareholders on Company matters.

Due to security concerns, the Company will not be implementing absentia voting methods such as by mail, e-mail or facsimile.

Separate resolutions are proposed at general meetings for substantially separate issues.

The Board, Management, the Company Secretary and the Company's external auditors are present at the Company's general meetings to address any questions that shareholders may have.

Minutes of each general meeting are recorded by the Company Secretary and will be made available to shareholders on request.

# Corporate Governance

## OTHER CORPORATE GOVERNANCE MATTERS

### DEALINGS IN SECURITIES

The Company has, in its Corporate Governance Code, provided guidelines to the Company's officers in relation to dealings in securities. These guidelines set out, inter alia, that officers should refrain from dealing in any securities of the Company when they are in possession of unpublished price-sensitive information in relation to those securities, and during the Company's closed period (defined as two weeks immediately preceding the announcement of the Company's quarterly or half yearly results, and one month immediately preceding the announcement of annual results, in each case up to and including the date of announcement of the relevant results). Officers are also reminded to refrain from dealing in the Company's securities on short-term considerations. These guidelines have been disseminated to all Directors, officers and key employees of the Group.

### INTERESTED PERSON TRANSACTIONS

The ARC has reviewed the interested person transactions entered into by the Group during FY2018. The aggregate value of interested person transactions entered into during FY2018 is set out below.

Name of interested person	Aggregate value of all Interested Person Transactions entered into during FY2018 (excluding transactions less than S\$100,000 each and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (excluding transactions less than S\$100,000 each)
Hong Leong Group Malaysia	S\$5,042,399	Not applicable

As the Company does not have any shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited, there is no interested person transaction associated therewith.

### MATERIAL CONTRACTS

No material contract was entered into by the Company or any of its subsidiaries involving the interest of the GMD, a Director or the controlling shareholder of the Company which is either subsisting at the end of FY2018 or, if not then subsisting, entered into since the end of the financial year ended 30 June 2017.

The Board is satisfied with the Group's commitment to compliance with the Code of Corporate Governance.

## Financials

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# Report of the Auditors

To the Members of GL Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of GL Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the statements of financial position of the Group and the Company as at 30 June 2018, the income statement of the Group, statements of comprehensive income and statements of changes in equity of the Group and the Company and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 117.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Company present fairly, in all material respects, the financial position of the Group and the Company as at 30 June 2018 and the financial performance, changes in equity of the Group and the Company, and the cash flows of the Group for the year ended on that date in accordance with the International Financial Reporting Standards (“**IFRSs**”).

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the “*Auditor’s responsibilities for the audit of the financial statements*” section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“**ACRA Code**”), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of hotel properties

(Refer to Note 9 to the financial statements)

### **Risk**

As at 30 June 2018, the Group has 15 hotel properties that are located in the United Kingdom and have an aggregate carrying amount of US\$1,008.7 million. These hotel properties represent 69.3% of the Group’s total assets and are measured at cost less accumulated depreciation and impairment losses.

The process of identifying indicators of impairment and assessing the recoverable amount of the hotel properties by management requires significant judgement and estimation. There is a risk that the recoverable amount being the greater of fair value less costs to sell and value in use (discounted cash flow) may not be accurate if the key assumptions applied by management are inappropriate.

### ***Our response***

We evaluated the Group's process for identification of indicators of impairment of hotel properties. For each hotel property with a indicator of impairment, we tested the integrity of inputs to either the projected fair value based on comparable sales price per room multiplied by the number of rooms in the hotel property, or the projected cash flows used in deriving the value in use from historical earnings before interest, taxation, depreciation and amortisation ("**EBITDA**"). We assessed the growth rate and discount rate applied in the value in use computation for each hotel property by comparing them against historical operating statistics and available industry data, taking into consideration comparability and market factors. We also reviewed the appropriateness of EBITDA multiplier to estimate the terminal values of these hotel properties.

### ***Our findings***

The Group has a structured process in place to periodically identify indicators of impairment of hotel properties. The basis and assumptions applied for the computation of recoverable amount for each hotel property (being individual cash-generating unit) are supported by either comparable hotel sale transactions or historical EBITDA, historical growth rates and available industry data.

### **Valuation of Bass Strait oil and gas royalty**

(Refer to Note 10 to the financial statements)

### ***Risk***

The Group's Bass Strait oil and gas royalty is stated at cost less accumulated amortisation and impairment losses and has an estimated useful life of 30 years. The carrying amount as at 30 June 2018 was US\$69.9 million. The Group received royalty fees of US\$24.2 million during the year in relation to all hydrocarbons produced in designated areas in the Bass Strait, Australia.

The recoverable amount of the Bass Strait oil and gas royalty is estimated by the Group making reference to the independent valuation as at 30 June 2018. There is a risk of impairment due to price volatility of oil and gas which may affect the recoverable amount of the Bass Strait oil and gas royalty.

### ***Our response***

We evaluated the competency of the independent valuers and made inquiries with the valuers to understand their valuation methods, and assumptions and basis applied.

We assessed the appropriateness of the independent valuer's estimation of the recoverable amount of Bass Strait oil and gas royalty based on value in use, taking into account the valuation methodology and key assumptions in relation to expected production output and market prices.

### ***Our findings***

The valuers have experience in performing independent valuation of natural resource reserves. The value in use method applied is in accordance with generally accepted market practices and the key assumptions used are comparable with those obtained from a range of independent sources.

# Report of the Auditors *(Continued)*

## To the Members of GL Limited

### **Valuation of development properties**

(Refer to Note 12 to the financial statements)

#### ***Risk***

As at 30 June 2018, the development properties held by the Group comprised land parcels located in Hawaii with carrying amounts of US\$184.4 million (2017: US\$182.4 million). Development properties are stated at the lower of their costs and their net realisable values.

The Group held the development properties in Hawaii since 1987 and operated a ranch business on the island until its shutdown in March 2008. The determination of the net realisable values of the development properties is dependent on renewal of the Group's redevelopment plans and expectations of future selling prices in Hawaii. The net realisable values are estimated by the Group making reference to an independent valuation as at 30 June 2018.

The valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. There is therefore a risk that the net realisable values exceed future selling prices, resulting in losses when properties are sold.

#### ***Our response***

We evaluated the qualifications and competency of the independent valuers and made inquiries with the valuers to understand their valuation methods, and assumptions and basis applied.

We assessed the reasonableness of the development properties' net realisable values appraised by the independent valuers based on renewed vision for the ranch business, taking into consideration the valuation methodology and key assumptions in relation to comparability with other sale transactions in Hawaii.

#### ***Our findings***

The valuers are members of generally-recognized professional bodies for real estate valuers and have recent experience in the location and category of the respective investment property being valued. The valuation methodologies used by the valuers are consistent with generally accepted market practices. We found the appraised valuations to be substantiated by recent sale transactions in Hawaii, which are adjusted where relevant, to enhance comparability with the Group's development properties.

### **Valuation of asset held for sale - casino licence**

(Refer to Notes 15 to the financial statements)

#### ***Risk***

The Group holds a casino licence which has an indefinite life and is stated at cost less accumulated impairment losses of US\$31.7 million as at 30 June 2018. The gaming operation has been loss-making since 2012 and the Group ceased the operations in March 2018. The Group plans to dispose of the casino licence, and has reclassified it as asset held for sale within current assets. The Group has estimated the fair value of the casino licence with reference to an independent valuation as at 30 June 2018.

The process of estimating the fair value of casino licence involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. As such, there is a risk that the carrying amount of the casino licence exceeds its fair value less costs to sell.

#### ***Our response***

We evaluated the competency of the independent valuers and made inquiries with the valuers to understand their valuation methods, and assumptions and basis applied.

We assessed the appropriateness of the valuation methodology applied by the independent valuer, and the reasonableness of projected cash flows and key assumptions under plausible scenarios to derive the fair value less costs to sell of the casino licence.

#### ***Our findings***

The valuers have experience in performing independent valuations of gambling operations. The valuation methodology used by the valuers are consistent with generally accepted market practices. We found the projected cash flows and key assumptions applied by the independent valuer to be consistent with industry information. The resulting estimation of fair value less costs to sell of the casino licence are within the range of reasonable expectations.

#### ***Other information***

Management is responsible for the other information. The other information comprises Corporate Profile, Corporate Information, Group Financial Highlights, Chairman Statement, Board of Directors, Management Team, and Corporate Governance Report, which we obtained prior to the date of this auditors' report, and the Sustainability Report and Statistics of Shareholdings which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Sustainability Report and Shareholdings Statistics, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

# Report of the Auditors *(Continued)*

## To the Members of GL Limited

### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tan Kar Yee, Linda.

**KPMG LLP**

**KPMG LLP**  
Public Accountants and  
Chartered Accountants

**Singapore**  
24 August 2018

# Consolidated Income Statement

For the Year Ended 30 June 2018

	Note	2018 US\$M	2017 US\$M
<i>(Re-presented)*</i>			
<b>Continuing operations</b>			
Revenue	2	344.4	346.2
Cost of sales		(141.1)	(138.8)
<b>Gross profit</b>			
Other operating income	3	28.7	4.5
Administrative expenses		(128.9)	(121.9)
Other operating expenses		(0.1)	(11.5)
<b>Operating profit</b>		<b>103.0</b>	<b>78.5</b>
Finance income		1.6	0.8
Finance costs		(13.5)	(11.9)
Net financing costs	4	(11.9)	(11.1)
<b>Profit before tax</b>		<b>91.1</b>	<b>67.4</b>
Income tax expense	6	(20.4)	(13.5)
<b>Profit for the year from continuing operations</b>		<b>70.7</b>	<b>53.9</b>
<b>Discontinued operation</b>			
Loss from discontinued operation, net of tax	7	(11.8)	(5.0)
<b>Profit for the year</b>		<b>58.9</b>	<b>48.9</b>
<b>Profit attributable to:</b>			
Owners of the Company		59.0	49.0
Non-controlling interests		(0.1)	(0.1)
<b>Profit for the year</b>		<b>58.9</b>	<b>48.9</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	8	4.5	3.8
Diluted earnings per share (cents)	8	4.5	3.8
<b>Earnings per share - continuing operations</b>			
Basic earnings per share (cents)	8	5.4	4.2
Diluted earnings per share (cents)	8	5.4	4.2

\* Refer to Note 7

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2018

	2018 US\$M	2017 US\$M
<b>Profit for the year</b>	<b>58.9</b>	48.9
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Pension actuarial gain/(losses), net of tax	<b>5.7</b>	(5.2)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Net exchange differences from consolidation of foreign operations <sup>#</sup>	<b>6.4</b>	(25.2)
Change in fair value of available-for-sale investments <sup>#</sup>	<b>(0.1)</b>	(1.3)
Change in fair value on cash flow hedges, net of tax	<b>3.2</b>	2.1
<b>Other comprehensive income for the year, net of tax</b>	<b>15.2</b>	(29.6)
<b>Total comprehensive income for the year, net of tax</b>	<b>74.1</b>	19.3
<b>Total comprehensive income attributable to:</b>		
Owners of the Company		
- Continuing operations	<b>85.4</b>	25.6
- Discontinued operation	<b>(11.2)</b>	(6.3)
Non-controlling interests	<b>(0.1)</b>	-
<b>Total comprehensive income for the year</b>	<b>74.1</b>	19.3

<sup>#</sup> There are no income tax effects relating to these components of other comprehensive income

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

	Share capital US\$M	Contributed surplus US\$M	Translation reserve US\$M	Fair value reserve US\$M
Balance at 1 July 2017	273.6	654.2	(257.2)	(0.7)
<b>Total comprehensive income for the year</b>				
Profit/(loss) for the year	-	-	-	-
<b>Other comprehensive income</b>				
Net exchange differences from consolidation of foreign operations	-	-	6.4	-
Change in fair value of available-for-sale investments	-	-	-	(0.1)
Change in fair value on cash flow hedges, net of tax	-	-	-	-
Pension actuarial gain, net of tax	-	-	-	-
<b>Total other comprehensive income, net of tax</b>	-	-	6.4	(0.1)
<b>Total comprehensive income for the year, net of tax</b>	-	-	6.4	(0.1)
<b>Transactions with owners, recorded directly in equity</b>				
Value of employee services received for issue of share options	-	-	-	-
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2017	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>273.6</b>	<b>654.2</b>	<b>(250.8)</b>	<b>(0.8)</b>

The accompanying notes form an integral part of these financial statements.

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
(6.7)	(1.6)	3.4	(46.2)	431.0	1,049.8	(2.5)	1,047.3
-	-	-	-	59.0	59.0	(0.1)	58.9
-	-	-	-	-	6.4	-	6.4
-	-	-	-	-	(0.1)	-	(0.1)
3.2	-	-	-	-	3.2	-	3.2
-	-	-	-	5.7	5.7	-	5.7
3.2	-	-	-	5.7	15.2	-	15.2
3.2	-	-	-	64.7	74.2	(0.1)	74.1
-	-	(0.4)	-	-	(0.4)	-	(0.4)
-	-	-	-	(21.0)	(21.0)	-	(21.0)
-	-	(0.4)	-	(21.0)	(21.4)	-	(21.4)
(3.5)	(1.6)	3.0	(46.2)	474.7	1,102.6	(2.6)	1,100.0

# Consolidated Statement of Changes in Equity *(Continued)*

For the Year Ended 30 June 2018

	Share capital US\$M	Contributed surplus US\$M	Translation reserve US\$M	Fair value reserve US\$M
<b>Balance at 1 July 2016</b>	273.6	654.2	(231.9)	0.6
<b><i>Total comprehensive income for the year</i></b>				
<b>Profit/(loss) for the year</b>	-	-	-	-
<b>Other comprehensive income</b>				
Net exchange differences from consolidation of foreign operations	-	-	(25.3)	-
Change in fair value of available-for-sale investments	-	-	-	(1.3)
Change in fair value on cash flow hedges, net of tax	-	-	-	-
Pension actuarial losses, net of tax	-	-	-	-
<b>Total other comprehensive income, net of tax</b>	-	-	(25.3)	(1.3)
<b>Total comprehensive income for the year, net of tax</b>	-	-	(25.3)	(1.3)
<b><i>Transactions with owners, recorded directly in equity</i></b>				
Value of employee services received for issue of share options	-	-	-	-
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2016	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-
<b>Balance at 30 June 2017</b>	273.6	654.2	(257.2)	(0.7)

The accompanying notes form an integral part of these financial statements.

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
(8.8)	(1.6)	3.6	(46.2)	407.7	1,051.2	(2.5)	1,048.7
-	-	-	-	49.0	49.0	(0.1)	48.9
-	-	-	-	-	(25.3)	0.1	(25.2)
-	-	-	-	-	(1.3)	-	(1.3)
2.1	-	-	-	-	2.1	-	2.1
-	-	-	-	(5.2)	(5.2)	-	(5.2)
2.1	-	-	-	(5.2)	(29.7)	0.1	(29.6)
2.1	-	-	-	43.8	19.3	-	19.3
-	-	(0.2)	-	-	(0.2)	-	(0.2)
-	-	-	-	(20.5)	(20.5)	-	(20.5)
-	-	(0.2)	-	(20.5)	(20.7)	-	(20.7)
(6.7)	(1.6)	3.4	(46.2)	431.0	1,049.8	(2.5)	1,047.3

# Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 US\$M	2017 US\$M
<b>ASSETS</b>			
Hotels, property and equipment	9	1,009.2	985.1
Intangible assets	10	70.1	112.0
Pensions surplus	18	11.4	0.6
Other investments	11	0.2	0.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,090.9</b>	1,098.0
Inventories		0.4	0.7
Development properties	12	184.4	182.4
Trade and other receivables	13	42.8	46.2
Cash and cash equivalents	14	105.4	76.0
Assets held for sale	15	31.7	8.8
<b>TOTAL CURRENT ASSETS</b>		<b>364.7</b>	314.1
<b>TOTAL ASSETS</b>		<b>1,455.6</b>	1,412.1
<b>LIABILITIES</b>			
Loans and borrowings	16	–	6.1
Trade and other payables	17	69.6	79.4
Corporate tax payable		5.1	4.8
Provisions	18	0.2	0.3
<b>TOTAL CURRENT LIABILITIES</b>		<b>74.9</b>	90.6
Loans and borrowings	16	255.8	252.1
Pensions obligations	18	2.5	2.8
Deferred tax liabilities	19	18.1	11.2
Derivative financial liability	20	4.3	8.1
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>280.7</b>	274.2
<b>TOTAL LIABILITIES</b>		<b>355.6</b>	364.8
<b>NET ASSETS</b>		<b>1,100.0</b>	1,047.3
<b>SHARE CAPITAL AND RESERVES (pages 50 to 53)</b>			
Equity attributable to owners of the Company	21	1,102.6	1,049.8
Non-controlling interests		(2.6)	(2.5)
<b>TOTAL EQUITY</b>		<b>1,100.0</b>	1,047.3

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors



**Tang Hong Cheong**  
Group Managing Director



**Timothy Teo Lai Wah**  
Director

# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 US\$M	2017 US\$M
<b>OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		91.1	67.4
Loss before tax from discontinued operation		(11.2)	(4.2)
Adjustments for non-cash items			
Depreciation of hotels, property and equipment		21.0	21.9
Amortisation of intangible assets		3.4	3.3
Impairment of intangible asset		4.8	–
Share option benefits, doubtful debts and others		(0.2)	*
Gain on disposal of assets held for sale		(28.1)	–
Distribution in kind from other investments		–	(2.2)
Gain on disposal from other investments		–	(1.9)
Gain on disposal of property and equipment		*	(0.1)
Write-off of property and equipment		0.1	3.7
Net financing costs		12.0	11.2
Net change in working capital items			
Inventories / development properties		(1.7)	(6.3)
Trade and other receivables		3.5	(1.9)
Trade and other payables		(10.2)	(13.0)
Pension surplus and obligations / provisions		(4.3)	0.7
Cash generated from operations		80.2	78.6
Income tax paid		(15.6)	(9.5)
<b>Cash flows from operating activities</b>		<b>64.6</b>	<b>69.1</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of property and equipment		*	0.1
Proceeds from disposal of assets held for sale		35.2	–
Proceeds from disposal of other investments		–	4.5
Capital redemption of other investments		–	0.2
Acquisition of hotels, property and equipment		(31.0)	(16.0)
<b>Cash flows generated from / (used in) investing activities</b>		<b>4.2</b>	<b>(11.2)</b>
<b>FINANCING ACTIVITIES</b>			
Interest received		0.5	0.8
Interest paid		(13.5)	(11.8)
Other financing costs paid		(0.2)	(0.5)
Realised exchange gains / (loss) on financial derivatives		0.2	(0.4)
Dividend paid to shareholders of the Company		(21.0)	(20.5)
<b>Cash flows used in financing activities</b>		<b>(34.0)</b>	<b>(32.4)</b>
<b>Net increase in cash and cash equivalents</b>		<b>34.8</b>	<b>25.5</b>
Cash and cash equivalents at beginning of the year		69.9	45.2
Effect of exchange rate fluctuations on cash held		0.7	(0.8)
<b>Cash and cash equivalents at end of the year</b>	14	<b>105.4</b>	<b>69.9</b>

\* Amount less than US\$0.1m

The accompanying notes form an integral part of these financial statements.

# Significant Accounting Policies

GL Limited (the “**Company**”) is a company continued in Bermuda as an exempted company with its registered office at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The intermediate holding company is Guoco Group Limited, incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia. The consolidated financial statements for the year ended 30 June 2018 relate to the Company and its subsidiaries (together, “**Group**”).

## (A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) promulgated by the International Accounting Standards Board (“**IASB**”), and the requirements of Bermuda law.

The financial statements were authorised for issue by the Directors on 24 August 2018.

## (B) BASIS OF PREPARATION

### (i) *Functional and presentation currency*

These financial statements are presented in United States Dollars (“**USD**”) which is the Company’s functional currency. In determining the functional currency of the Company, management considered the economic environment that the Company operates and exercised judgment that USD represent the economic effect of the underlying transactions, events and conditions.

### (ii) *Basis of measurement*

All financial information have been rounded to the nearest hundred thousand, unless otherwise stated. The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

### (iii) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In addition to the Company’s critical judgment in determining its functional currency as described above, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 9 - Measurement of recoverable amount of hotels, property and equipment
- Note 10 - Measurement of recoverable amount of intangible assets
- Note 12 - Valuation of development properties
- Note 15 - Measurement of recoverable amount of assets held for sale

**(B) BASIS OF PREPARATION** *(Continued)*

**(iii) Use of estimates and judgements** *(Continued)*

**Measurement of fair value**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with level 3 being the lowest).

The Group recognises transfer between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 - Valuation of other investments
- Note 23 - Valuation of financial instruments

**(iv) Significant accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2017. The adoption of these standards did not result in substantial changes to the accounting policies and had no significant effect on the financial performance or position of the Group and the Company except as described below.

**(v) Disclosure initiative (Amendments to FRS 7)**

With effect from 1 July 2017, as a result of the amendments to IFRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 30 June 2018. Comparative information has not been presented (see note 16).

# Significant Accounting Policies *(Continued)*

## (C) BASIS OF CONSOLIDATION

### (i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

### (ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

### (iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (iv) *Accounting for subsidiaries of the Company*

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

## (D) FOREIGN CURRENCY

### (i) *Foreign currency transactions*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “**functional currency**”).

Transactions in foreign currencies are translated to the respective functional currencies of Group's entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for the differences arising on the translation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income (“**OCI**”) are reclassified to profit and loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

### (ii) *Foreign operations*

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (“**translation reserve**”) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests (“**NCI**”). When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

## Significant Accounting Policies *(Continued)*

### (E) NON-DERIVATIVE FINANCIAL ASSETS

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

#### *(i) Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepaid expenses.

#### *(ii) Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

#### *(iii) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise shares in unlisted venture fund.

## (F) NON-DERIVATIVE FINANCIAL LIABILITIES

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as other financial liabilities category. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise loans and borrowings, bank overdraft, and trade and other payables.

## (G) DERIVATIVE FINANCIAL INSTRUMENTS, INCLUDING HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

### ***Cash flow hedges***

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

# Significant Accounting Policies *(Continued)*

## (H) HOTELS, PROPERTY AND EQUIPMENT

### (i) *Recognition and measurement*

Items of hotels, property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of hotels, property and equipment have different useful lives, they are accounted for as separate items (major components) of hotels, property and equipment.

The gain and loss on disposal of an item of hotels, property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

### (ii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of hotels, property and equipment. Freehold land is not depreciated. Depreciation rates are:

Core elements of freehold building and long leasehold land and buildings (more than 20 years to run)	Remaining useful economic life (up to 100 years)
Short leasehold land and buildings (less than 20 years to run)	Remaining life of lease
Vehicles and fittings	4% to 33 <sup>1</sup> / <sub>3</sub> %

Depreciation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

## (I) INTANGIBLE ASSETS

### (i) *Bass Strait oil and gas royalty*

Bass Strait oil and gas royalty is measured at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 30 years.

Amortisation method and useful life are reviewed at each financial year-end and adjusted if appropriate.

### (ii) *Casino licence*

The Group capitalises acquired casino licence. Management believes that licence has an indefinite life as there is no foreseeable limit to the period during which the licence is expected to generate net cash inflows and holds a value outside the property in which it resides. The licence is stated at cost and reviewed annually for impairment.

### (iii) *Hotel brand*

The hotel brand is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 10 years.

### (iv) *Casino brand*

The Group capitalises acquired casino brand. Management believes that the brand has an indefinite life as there is no foreseeable limit to the period during which the brand is expected to generate net cash inflows. The casino brand is stated at cost and reviewed annually for impairment.

## **(J) DEVELOPMENT PROPERTIES**

Development properties are stated at the lower of cost and net realisable value. The cost of development properties includes expenditure incurred in acquiring the development properties and other cost incurred bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

## **(K) IMPAIRMENT**

### **(i) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(ii) Impairment of non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

## Significant Accounting Policies *(Continued)*

### (K) IMPAIRMENT *(Continued)*

#### *(ii) Impairment of non-derivative financial assets (Continued)*

##### **Loans and receivables**

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet been identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

##### **Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

### (L) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Hotels, property and equipment and intangible assets once classified as held for sale are not amortised or depreciated.

## **(M) EMPLOYEE BENEFITS**

### **(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

### **(ii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA from rating agency that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

# Significant Accounting Policies *(Continued)*

## (M) EMPLOYEE BENEFITS *(Continued)*

### *(iii) Share-based payment transactions*

The stock option programme allows Group's employees to acquire shares of the Company. The option exercise price equals 5-day weighted average market price of the shares immediately prior to the date of grant for which there was trading in the shares ("**Market Price**"), or to the Market Price or to the Market Price discounted by not more than 20%.

The Group accounts for the stock options as equity settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity compensation reserve. The fair value is measured at grant date and spread over the period during which the options vest.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period, where necessary.

### *(iv) Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## (N) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## (O) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## (P) PURCHASE OF SHARE CAPITAL FOR EQUITY AND EQUITY-RELATED COMPENSATION BENEFITS

Shares purchased for the purpose of the GL Limited Executives' Share Option Scheme ("**ESOS 2008**") are classified as ESOS reserve and presented as a deduction from equity.

Equity is reduced by the costs associated with such purchase, comprising the purchase consideration plus costs incidental to the acquisition.

## **(Q) REVENUE AND INCOME RECOGNITION**

Revenue from hotel operations is recognised in the profit or loss on an accrual basis, upon services being rendered. Revenue from hotel operations includes income earned from sales of food and beverages, rendering of laundry services, sublease rental income and other miscellaneous income. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Revenue from oil and gas royalty is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Revenue from gaming operations represents the net gaming wins and losses before deduction of gaming duty.

Revenue from property development relates to utility and lease income. Utility income is recognised in the profit or loss on an accrual basis, upon water being generated. Lease income is recognised in the profit or loss on an accrual basis in accordance with the substance of the lease agreements.

Dividend income is recognised in the profit or loss on the date that the right to receive payment is established.

Interest income is recognised in the profit or loss as it accrues, using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

## **(R) EXPENSES**

### ***(i) Operating lease payments***

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### ***(ii) Financing costs***

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method. All other costs incurred in connection with borrowings are expensed as incurred as part of financing costs.

## Significant Accounting Policies *(Continued)*

### (S) INCOME TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and joint operations to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

## **(T) DISCONTINUED OPERATION**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

## **(U) EARNINGS PER SHARE**

The Group presents basic and diluted earnings per share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

## **(V) SEGMENT REPORTING**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision-makers ("**CODM**") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire hotels, property and equipment, and intangible assets.

# Notes to the Financial Statements

Except where stated to refer to the Company, all notes refer to the Group.

## 1. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of strategic decision making, resource allocation and performance assessment, the Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units engage in different business activities, offer different products and services and are managed separately.

The following summary describes the operations in each of the Group's reportable segments:

Hotels	:	This segment owns, leases and manages a chain of hotels in the United Kingdom under the "Amba", "Guoman", "Thistle" and "Thistle Express" brand names.
Oil and gas	:	This segment receives royalty income from the entitlement of Bass Strait's oil and gas production in Australia.
Property development	:	This segment engages in development of land and properties in Hawaii for sale.
Gaming	:	This segment engaged in the casino operations under The Clermont Club, an exclusive casino in Mayfair, London, and was discontinued during the year.
Others	:	This segment covers the Group's other investments, treasury operations and corporate office.

### Geographical Segments

The geographical segments are United Kingdom, Australasia, United States of America and Asia.

In presenting information geographically, segment revenue is based on the geographical location of the external customers. Segment assets are based on the geographical location of the assets. There are no transactions between reportable segments.

### Major customer

There is no major customer contributing 10 per cent or more to the revenue of the Group.

1. SEGMENT REPORTING (Continued)

(i) Reportable segment revenue and profit and loss

	Hotels US\$M	Oil and gas US\$M	Property development US\$M	Others US\$M	Total continuing operations US\$M	Gaming - discontinued operation US\$M	Grand total US\$M
<b>2018</b>							
Revenue	317.4	24.2	2.8	-	344.4	2.6	347.0
Cost of sales	(141.1)	-	*	-	(141.1)	(0.6)	(141.7)
<b>Gross profit</b>	<b>176.3</b>	<b>24.2</b>	<b>2.8</b>	<b>-</b>	<b>203.3</b>	<b>2.0</b>	<b>205.3</b>
Other operating income	28.1	-	-	0.6	28.7	0.1	28.8
Administrative expenses	(114.6)	(4.6)	(5.2)	(4.5)	(128.9)	(8.4)	(137.3)
Other operating expenses	(0.1)	-	*	-	(0.1)	(4.8)	(4.9)
<b>Operating profit/(loss)</b>	<b>89.7</b>	<b>19.6</b>	<b>(2.4)</b>	<b>(3.9)</b>	<b>103.0</b>	<b>(11.1)</b>	<b>91.9</b>
Finance income	0.7	-	-	0.9	1.6	-	1.6
Finance costs	(13.4)	-	-	(0.1)	(13.5)	(0.1)	(13.6)
Net financing (costs)/income	(12.7)	-	-	0.8	(11.9)	(0.1)	(12.0)
<b>Profit/(loss) before tax</b>	<b>77.0</b>	<b>19.6</b>	<b>(2.4)</b>	<b>(3.1)</b>	<b>91.1</b>	<b>(11.2)</b>	<b>79.9</b>
Income tax expense	(12.5)	(7.9)	-	*	(20.4)	(0.6)	(21.0)
<b>Profit/(loss) for the year</b>	<b>64.5</b>	<b>11.7</b>	<b>(2.4)</b>	<b>(3.1)</b>	<b>70.7</b>	<b>(11.8)</b>	<b>58.9</b>
<b>2017</b>							
Revenue	318.5	24.6	3.1	-	346.2	4.0	350.2
Cost of sales	(138.3)	-	(0.5)	-	(138.8)	(0.9)	(139.7)
<b>Gross profit</b>	<b>180.2</b>	<b>24.6</b>	<b>2.6</b>	<b>-</b>	<b>207.4</b>	<b>3.1</b>	<b>210.5</b>
Other operating income	0.2	-	*	4.3	4.5	0.1	4.6
Administrative expenses	(109.1)	(3.9)	(4.4)	(4.5)	(121.9)	(7.3)	(129.2)
Other operating expenses	(11.4)	-	-	(0.1)	(11.5)	-	(11.5)
<b>Operating profit/(loss)</b>	<b>59.9</b>	<b>20.7</b>	<b>(1.8)</b>	<b>(0.3)</b>	<b>78.5</b>	<b>(4.1)</b>	<b>74.4</b>
Finance income	0.6	-	-	0.2	0.8	-	0.8
Finance costs	(11.6)	-	-	(0.3)	(11.9)	(0.1)	(12.0)
Net financing costs	(11.0)	-	-	(0.1)	(11.1)	(0.1)	(11.2)
<b>Profit/(loss) before tax</b>	<b>48.9</b>	<b>20.7</b>	<b>(1.8)</b>	<b>(0.4)</b>	<b>67.4</b>	<b>(4.2)</b>	<b>63.2</b>
Income tax (expense)/benefit	(5.8)	(7.9)	0.2	*	(13.5)	(0.8)	(14.3)
<b>Profit/(loss) for the year</b>	<b>43.1</b>	<b>12.8</b>	<b>(1.6)</b>	<b>(0.4)</b>	<b>53.9</b>	<b>(5.0)</b>	<b>48.9</b>

\* Amount less than US\$0.1m

# Notes to the Financial Statements *(Continued)*

## 1. SEGMENT REPORTING *(Continued)*

### *(ii) Reportable segment asset and liability*

	Hotels US\$M	Oil and gas US\$M	Property development US\$M	Others US\$M	Total continuing operations US\$M	Gaming - discontinued operation US\$M	Grand total US\$M
<b>2018</b>							
Segment assets	1,132.8	69.9	185.4	35.2	1,423.3	32.3	1,455.6
Segment liabilities	347.1	–	0.8	5.8	353.7	1.9	355.6
Depreciation and amortisation	20.5	3.4	0.1	*	24.0	0.4	24.4
Capital expenditure	31.0	–	*	–	31.0	*	31.0
<b>2017</b>							
Segment assets	1,075.1	76.0	184.8	38.4	1,374.3	37.8	1,412.1
Segment liabilities	349.6	–	0.6	6.0	356.2	8.6	364.8
Depreciation and amortisation	21.6	3.2	0.2	*	25.0	0.2	25.2
Capital expenditure	15.7	–	0.1	0.1	15.9	0.1	16.0

### *(iii) Geographical information*

	United Kingdom US\$M	Australasia US\$M	United States of America US\$M	Asia US\$M	Total US\$M
<b>2018</b>					
Revenue	320.0	24.2	2.8	–	347.0
Non-current assets	1,020.5	69.9	0.4	0.1	1,090.9
Capital expenditure	31.0	–	*	–	31.0
<b>2017</b>					
Revenue	322.5	24.6	3.1	–	350.2
Non-current assets	1,021.3	76.0	0.6	0.1	1,098.0
Capital expenditure	15.8	–	0.1	0.1	16.0

\* Amount less than US\$0.1m

## 2. REVENUE

	2018 US\$M	2017 US\$M
		<i>(Re-presented)</i>
Revenue from hotel operations	317.4	318.5
Revenue from Bass Strait oil and gas royalty	24.2	24.6
Revenue from property developments	2.8	3.1
	<b>344.4</b>	346.2

## 3. OTHER OPERATING INCOME

	2018 US\$M	2017 US\$M
		<i>(Re-presented)</i>
Sundry income	0.6	0.4
Distribution in kind from other investments	–	2.2
Gain on disposal from other investments	–	1.9
Gain on disposal of assets held for sale (Note 15)	28.1	–
	<b>28.7</b>	4.5

## 4. NET FINANCING COSTS

	2018 US\$M	2017 US\$M
		<i>(Re-presented)</i>
Interest income	0.5	0.3
Foreign exchange gain	0.6	–
Other finance income	0.5	0.5
Finance income	<b>1.6</b>	0.8
Interest expense	<b>(13.3)</b>	(11.2)
Foreign exchange loss	–	(0.2)
Other finance costs	<b>(0.2)</b>	(0.5)
Finance costs	<b>(13.5)</b>	(11.9)
Net financing costs	<b>(11.9)</b>	(11.1)

## Notes to the Financial Statements *(Continued)*

### 5. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	2018 US\$M	2017 US\$M
<i>(Re-presented)</i>			
Audit fees paid to:			
- auditors of the Company		0.2	0.2
- other auditors		0.4	0.3
Non-audit fees paid to:			
- auditors of the Company		*	*
- other auditors		0.1	0.2
Operating lease expense	24	43.3	42.3
Management fees paid to related party	25	3.4	2.4
Depreciation and amortisation		24.0	25.0
Personnel expenses (see below)		80.2	76.3
Write-off of property and equipment		0.1	3.7
Allowance for doubtful debts		0.2	0.1
<b>Personnel expenses</b>			
Wages, salaries and benefits		83.8	79.3
Contribution to defined contribution plans		1.2	1.2
Contribution to defined benefit plans		0.5	0.2
Share option benefit		(0.4)	(0.2)
Directors' fees		0.3	0.3
		85.4	80.8
Less: amount attributable to discontinued operation		(5.2)	(4.5)
Amount attributable to continuing operations		80.2	76.3

Included in personnel expenses is compensation to key management personnel of the Group as follows:

	2018 US\$M	2017 US\$M
Directors of the Company		
- fees	0.3	0.3
Senior management personnel of the Group		
- salaries, bonuses, contributions to defined contribution and benefit plans and other benefits	2.0	1.8
- share option expenses	0.1	0.1

\* Amount less than US\$0.1m

## 6. INCOME TAX EXPENSE

	2018 US\$M	2017 US\$M
<i>(Re-presented)</i>		
<b>Recognised in the income statement</b>		
Current tax expense:		
Current year	16.5	13.2
Adjustments for prior years	(0.6)	(1.2)
	<b>15.9</b>	<b>12.0</b>
Deferred tax expense:		
Origination and reversal of temporary differences	6.2	2.1
Reduction in tax rate	(0.1)	(0.9)
Adjustments for prior years	(1.6)	0.3
	<b>4.5</b>	<b>1.5</b>
<b>Total income tax expenses on continuing operations</b>	<b>20.4</b>	<b>13.5</b>

	2018 US\$M	2017 US\$M
<b>Reconciliation of effective tax</b>		
Profit before tax from continuing operations	91.1	67.4
Effect of:		
Tax at the applicable tax rates <sup>#</sup> to profits in the countries concerned	16.6	11.8
Adjustments for prior years	(2.2)	(0.9)
Reduction in tax rate	(0.1)	(0.9)
Non-taxable income	(1.6)	(2.0)
Non-deductible expenses	4.7	5.7
Changes in unrecognised temporary differences	3.0	0.4
Others	*	(0.6)
	<b>20.4</b>	<b>13.5</b>

There is no tax payable by the Company as it is not liable for income tax in Bermuda.

<sup>#</sup> This mainly comprises the combined corporate tax rates of United Kingdom, Australia and Fiji at 19%, 30% and 20% (2017: 19%, 30% and 20%) respectively

\* Amount less than US\$0.1m

## Notes to the Financial Statements *(Continued)*

### 7. DISCONTINUED OPERATION

On 29 March 2018, the Group ceased its gaming operations and reclassified its casino licence to assets held for sale (Note 15). As the segment was not previously presented as a discontinued operation as at and for the year ended 30 June 2017, the comparative income statement was re-presented as if the operation had been discontinued from the start of the comparative year.

	2018 US\$M	2017 US\$M
<b>Results of discontinued operation</b>		
Revenue	2.6	4.0
Expenses	<b>(13.8)</b>	(8.2)
<b>Operating loss before tax</b>	<b>(11.2)</b>	(4.2)
<b>Income tax expense</b>		
- Deferred tax expense	<b>(0.6)</b>	(0.8)
<b>Operating loss for the year</b>	<b>(11.8)</b>	(5.0)
<b>Loss from discontinued operation for the year</b>	<b>(11.8)</b>	(5.0)
Basic loss per share (cents)	<b>(0.9)</b>	(0.4)
Diluted loss per share (cents)	<b>(0.9)</b>	(0.4)

The loss from discontinued operation of US\$11.8m (2017: US\$5.0m) is attributable entirely to the owners of the Company. Of the profit from continuing operations of US\$70.7m (2017: US\$53.9m), an amount of US\$70.8m (2017: US\$54.0m) is attributable to the owners of the Company.

	2018 US\$M	2017 US\$M
<b>Cash flows from/(used in) discontinued operation</b>		
Net cash used in operating activities	<b>(6.2)</b>	(4.4)
Net cash from investing activities	*	*
Net cash used in financing activities	<b>(0.1)</b>	(0.1)
<b>Net cash flows for the year</b>	<b>(6.3)</b>	(4.5)

\* Amount less than US\$0.1m

## 8. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of US\$59.0m (2017: US\$49.0m) and the weighted average number of ordinary shares outstanding during the year, calculated as follows:

	Continuing operations US\$M	Discontinued operation US\$M	Group US\$M
<b>Profit attributable to ordinary shareholders</b>			
<b>2018</b>			
Profit/(loss) for the year	70.8	(11.8)	59.0
<b>2017</b>			
Profit/(loss) for the year	54.0	(5.0)	49.0

	Note	2018 M	2017 M
<b>Weighted average number of ordinary shares (basic)</b>			
Issued ordinary shares at 1 July	21	1,368.1	1,368.1
ESOS reserve	21	(68.3)	(68.3)
Weighted average number of ordinary shares at 30 June		1,299.8	1,299.8

### Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2018 was based on the net profit attributable to ordinary shareholders of US\$59.0m (2017: US\$49.0m) and the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential ordinary shares, calculated as follows:

	Continuing operations US\$M	Discontinued operation US\$M	Group US\$M
<b>Profit attributable to ordinary shareholders</b>			
<b>2018</b>			
Profit/(loss) for the year	70.8	(11.8)	59.0
<b>2017</b>			
Profit/(loss) for the year	54.0	(5.0)	49.0

## Notes to the Financial Statements *(Continued)*

### 8. EARNINGS PER SHARE *(Continued)*

#### Diluted earnings per share *(Continued)*

	2018 M	2017 M
<b>Weighted average number of ordinary shares (diluted)</b>		
Weighted average number of ordinary shares (basic) at 30 June	1,299.8	1,299.8
Effect of weighted average share options in issue	–	–
<b>Weighted average number of ordinary shares (diluted) at 30 June</b>	<b>1,299.8</b>	<b>1,299.8</b>

As at 30 June 2018, there were no outstanding dilutive potential ordinary shares.

### 9. HOTELS, PROPERTY AND EQUIPMENT

	Freehold land and buildings US\$M	Leasehold land and buildings US\$M	Vehicles and fittings US\$M	Total US\$M
<b>2018</b>				
<b>Cost</b>				
Balance at 1 July 2017	352.6	657.6	359.5	1,369.7
Effect of movements in foreign exchange	4.9	9.1	5.0	19.0
Additions	22.7	0.3	8.0	31.0
Disposals/written off	–	–	(1.8)	(1.8)
<b>Balance at 30 June 2018</b>	<b>380.2</b>	<b>667.0</b>	<b>370.7</b>	<b>1,417.9</b>
<b>Accumulated depreciation</b>				
Balance at 1 July 2017	32.5	84.3	267.8	384.6
Effect of movements in foreign exchange	0.4	1.0	3.4	4.8
Depreciation charge	2.6	6.9	11.5	21.0
Disposals/written off	–	–	(1.7)	(1.7)
<b>Balance at 30 June 2018</b>	<b>35.5</b>	<b>92.2</b>	<b>281.0</b>	<b>408.7</b>
<b>Carrying amounts at 30 June 2018</b>	<b>344.7</b>	<b>574.8</b>	<b>89.7</b>	<b>1,009.2</b>

## 9. HOTELS, PROPERTY AND EQUIPMENT (Continued)

	Freehold land and buildings US\$M	Leasehold land and buildings US\$M	Vehicles and fittings US\$M	Total US\$M
<b>2017</b>				
<b>Cost</b>				
Balance at 1 July 2016	363.4	692.7	380.4	1,436.5
Effect of movements in foreign exchange	(13.3)	(25.4)	(14.0)	(52.7)
Transfer to assets held for sale/development properties	–	(9.1)	(11.4)	(20.5)
Additions	2.5	0.3	13.2	16.0
Disposals/written off	*	(0.9)	(8.7)	(9.6)
Balance at 30 June 2017	352.6	657.6	359.5	1,369.7
<b>Accumulated depreciation</b>				
Balance at 1 July 2016	31.6	82.3	280.1	394.0
Effect of movements in foreign exchange	(1.1)	(2.8)	(10.0)	(13.9)
Transfer to assets held for sale/development properties	–	(1.8)	(9.7)	(11.5)
Depreciation charge	2.0	7.0	12.9	21.9
Disposals/written off	*	(0.4)	(5.5)	(5.9)
Balance at 30 June 2017	32.5	84.3	267.8	384.6
Carrying amounts at 30 June 2017	320.1	573.3	91.7	985.1
Carrying amounts at 1 July 2016	331.8	610.4	100.3	1,042.5

\* Amount less than US\$0.1m

The Group estimates the recoverable amount of hotels, property and equipment based on the greater of its fair value less costs to sell and value in use derived from discounted cash flow projections of hotel properties. The fair value less costs to sell of certain hotels is estimated using the direct comparison method which involves the analysis of comparable sales of similar hotels and adjusting the sale prices to that reflective of the hotels. The sales price per room of comparable hotels is multiplied by number of rooms in the Group's hotels to determine the fair value of the hotels. The estimation of value in use of certain hotel involves the projection of EBITDA forecast, revenue growth of 2% (2017: 3%) and maintenance capital expenditure over a period, and discounting the income stream with a pre-tax discount rate of 9.50% (2017: 8.38%). The recoverable amounts of the hotels were estimated to be higher than its carrying amount as at 30 June 2018, and therefore, no impairment was required (2017: Nil).

During the financial year, no hotel asset (2017: one hotel) was reclassified to assets held for sale (Note 15).

As at 30 June 2018, the Group's secured borrowings totalling US\$75.0m (2017: US\$74.4m) (Note 16) were secured on one hotel (2017: one hotel) owned by the Group with carrying amount of US\$116.9m (2017: US\$116.7m).

# Notes to the Financial Statements *(Continued)*

## 10. INTANGIBLE ASSETS

	Bass Strait oil and gas royalty US\$M	Casino licence US\$M	Casino/ Hotel/ brand US\$M	Total US\$M
<b>2018</b>				
<b>Cost</b>				
Balance at 1 July 2017	145.4	31.2	8.4	185.0
Effect of movements in foreign exchange	(5.5)	0.5	0.1	(4.9)
Transfer to assets held for sale	–	(31.7)	–	(31.7)
Balance at 30 June 2018	139.9	–	8.5	148.4
<b>Accumulated amortisation and impairment losses</b>				
Balance at 1 July 2017	69.4	–	3.6	73.0
Amortisation	3.4	–	*	3.4
Impairment loss	–	–	4.8	4.8
Effect of movements in foreign exchange	(2.8)	–	(0.1)	(2.9)
Balance at 30 June 2018	70.0	–	8.3	78.3
Carrying amounts at 30 June 2018	69.9	–	0.2	70.1
<b>2017</b>				
<b>Cost</b>				
Balance at 1 July 2016	140.9	32.4	8.7	182.0
Effect of movements in foreign exchange	4.5	(1.2)	(0.3)	3.0
Balance at 30 June 2017	145.4	31.2	8.4	185.0
<b>Accumulated amortisation and impairment losses</b>				
Balance at 1 July 2016	64.1	–	3.7	67.8
Amortisation	3.2	–	0.1	3.3
Effect of movements in foreign exchange	2.1	–	(0.2)	1.9
Balance at 30 June 2017	69.4	–	3.6	73.0
Carrying amounts at 30 June 2017	76.0	31.2	4.8	112.0
Carrying amounts at 1 July 2016	76.8	32.4	5.0	114.2

\* Amount less than US\$0.1m

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait's oil and gas production in Australia. The independent appraisers have estimated the recoverable amount for the Bass Straits oil and gas royalty based on the present value of the future cash flows expected to be derived from the CGU (value in use method) using the pre-tax discount rate of 10% (2017: 10%) and inflation rate of 2% (2017: 2%), and assuming production years up to 2035. The recoverable amount of the Bass Strait oil and gas royalty was estimated to be higher than its carrying amount as at 30 June 2018, and therefore, no impairment was required (2017: Nil).

During the financial year, the Board has recognised an impairment loss of US\$4.8m (2017: Nil) on the casino brand, and reclassified the casino licence to assets held for sale following the cessation of its casino operations on 29 March 2018 (see Note 15).

## 11. OTHER INVESTMENTS

	2018 US\$M	2017 US\$M
Available-for-sale investment:		
Shares in unlisted venture fund	0.2	0.3
	<b>0.2</b>	<b>0.3</b>

Other investments carried at fair value are categorised within level 3 of the fair value hierarchy. The fair values are determined using a valuation technique based on the net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the venture fund. The assets held by the venture fund comprises mainly non-publicly traded securities.

Non-publicly traded securities for which observable market prices in active markets do not exist are reported at estimated fair value, determined based on the best information available and by reference to information including, but not limited to, the following: projected net earnings before interest, taxes, depreciation and amortisation (EBITDA); financial position; comparable public or private sales transactions; subsequent rounds of financing; valuations for publicly traded comparable companies and/or other measures; and consideration of any other information, including the types of securities held and restrictions on disposition of the securities.

The methods used to estimate fair value included (a) the market approach (fair value derived by reference to observable valuation measures), (b) the income approach (e.g. the discounted cash flow method) and (c) cost at acquisition. The estimated fair value of other investments would increase if net asset value was higher.

The venture fund has a fund period which expired on November 2017 and will be liquidated by the general partner within two years from the expiration of the fund period.

The Group's exposure to credit and market risk and fair value information related to other investments are disclosed in Note 23.

## 12. DEVELOPMENT PROPERTIES

As at 30 June 2018, the Group's development properties, which are wholly owned, are located in the United States of America, being the 54,486 (2017: 54,486) acres land parcel on Molokai island in Hawaii.

The Board has reviewed the expected net realisable values of the development properties based on a valuation appraisal performed by independent appraisers as at 30 June 2018. The net realisable value of each individual land parcel was principally estimated using the sales comparison method. References were made to comparable sales in Hawaii and adjusted where relevant to enhance comparability with the Group's development properties. The estimated net realisable values of the development properties in Molokai exceeded the carrying amounts as at 30 June 2018, and thus, no write-down was required.

## Notes to the Financial Statements *(Continued)*

### 13. TRADE AND OTHER RECEIVABLES

	2018 US\$M	2017 US\$M
Trade receivables#	15.9	19.0
Deposits	0.1	0.1
Interest receivables	*	*
Other receivables	4.2	3.6
Prepaid expenses	22.6	23.5
	<b>42.8</b>	<b>46.2</b>

# Trade receivables are stated net of allowance of doubtful debts of US\$0.6m (2017: US\$0.4m). Refer to Note 23 for more details.

### 14. CASH AND CASH EQUIVALENTS

	Note	2018 US\$M	2017 US\$M
Bank balances		37.4	58.8
Short-term deposits		68.0	16.4
Cash in hand		*	0.8
Cash and cash equivalents in the statement of financial position		<b>105.4</b>	76.0
Bank overdrafts	16	-	(6.1)
Cash and cash equivalents in the statement of cash flows		<b>105.4</b>	69.9

Cash and cash equivalents are denominated in the following currencies:

	2018 US\$M	2017 US\$M
United States Dollars	20.3	17.7
Singapore Dollars	0.8	0.3
Pound Sterling	80.6	56.1
Australian Dollars	3.5	0.5
New Zealand Dollars	0.1	0.6
Fiji Dollars	0.1	0.5
Malaysian Ringgit	*	0.3
	<b>105.4</b>	<b>76.0</b>

\* Amount less than US\$0.1m

#### 14. CASH AND CASH EQUIVALENTS (Continued)

Short-term deposits at the reporting date have contractual maturity periods ranging between overnight and one month with the following weighted average effective interest rates:

	2018 %	2017 %
Australian Dollars	1.27	1.49
New Zealand Dollars	1.86	1.72
United States Dollars	0.23	0.25
Pound Sterling	0.42	–

#### 15. ASSETS HELD FOR SALE

The major classes of assets held for sale as at 30 June 2018 and 2017 are stated at the lower of cost and fair value less costs to sell and were as follows:

	2018 US\$M	2017 US\$M
Hotel, property and equipment	–	8.8
Intangible asset - casino licence	31.7	–
	31.7	8.8

On 29 March 2018, the Group ceased its gaming operations and are committed to plan to dispose the casino license within 12 months. Accordingly, the casino licence of the gaming segment is presented as assets held for sale.

An independent appraiser has estimated the fair value for the casino licence based on the weighted average projected cash flows expected to be derived (value in use method) under plausible scenarios which assumed perpetual growth rates of up to 2% (2017: Nil) and discounted using post-tax discount rate of 7% (2017: Nil). The fair value less costs to sell the casino licence was estimated to be higher than the carrying amount as at 30 June 2018, and therefore, no write-down was required (2017: Nil).

On 23 February 2017, a compulsory purchase notice was served by the United Kingdom Department for Transport on one of our Thistle brand hotel due to expropriation of land for the future construction of high speed railway line in London. The General Vesting Declaration (“GVD”), a notice that gives a local authority the right to take over the ownership of land, has been issued on 21 July 2017 for completion of the land transfer by 30 October 2017.

As part of the compensation process, the UK Secretary of State for Transport (“SST”) produces its own valuation of the acquired asset and makes an interim payment of 90% of that valuation. The Group has the right to contest the SST’s valuation. Such right is not prejudiced by the receipt or acceptance of the interim payment. The Company has recently been informed that the SST’s valuation is GBP27.5m (US\$39.0m). As the Group’s valuation indicated in its preliminary claim exceeds the SST’s valuation significantly, the Group intends to challenge SST’s valuation.

The Group received an interim payment of GBP24.8m (US\$35.2m) (i.e., 90% of the SST’s valuation of GBP27.5m (US\$39.0m)) on 29 January 2018. The SST’s valuation of GBP27.5m (US\$39.0m) for the Thistle Euston Hotel will result in a gain, on disposal of fixed assets, of GBP20.9m (US\$28.1m) to the Group for the financial year ending 30 June 2018 (refer to Note 3).

## Notes to the Financial Statements *(Continued)*

### 16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to liquidity, interest rate and foreign currency risk, refer to Note 23.

	2018 US\$M	2017 US\$M
<b>Group</b>		
CURRENT LIABILITIES		
Bank overdrafts (unsecured)	–	6.1
	–	6.1
NON-CURRENT LIABILITIES		
Bank loans (unsecured)	180.8	177.7
Mortgage debenture stock (secured)	75.0	74.4
	255.8	252.1
	255.8	258.2

As at 30 June 2018, the mortgage debenture stock is secured by one hotel (2017: one hotel) owned by the Group with carrying amount of US\$116.9m (2017: US\$116.7m) (see Note 9).

#### Terms and debt repayment schedule

	Total US\$M	Under 1 year US\$M	1 - 2 years US\$M	2 - 5 years US\$M	Over 5 years US\$M
<b>Group</b>					
<b>2018</b>					
Bank loans:					
- Pound Sterling	180.8	–	180.8	–	–
Mortgage debenture stock:					
- Pound Sterling	75.0	–	–	75.0	–
	255.8	–	180.8	75.0	–
<b>2017</b>					
Bank overdraft	6.1	6.1	–	–	–
Bank loans:					
- Pound Sterling	177.7	–	–	177.7	–
Mortgage debenture stock:					
- Pound Sterling	74.4	–	–	74.4	–
	258.2	6.1	–	252.1	–

**16. LOANS AND BORROWINGS** *(Continued)*

**Reconciliation of movements of liabilities to cash flows arising from financing activities**

	Loans and borrowings US\$M	Interest payables (Note 17) US\$M	Total US\$M
Balance as at 1 July 2017	258.2	0.6	258.8
Changes from financing cash flows:			
Interest paid	-	(13.5)	(13.5)
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>(13.5)</b>	<b>(13.5)</b>
Other changes:			
Interest expenses	-	13.3	13.3
Reversal of prepaid commitment fees	0.7	-	0.7
Reversal of debenture fair value	(0.5)	-	(0.5)
Repayment of bank overdraft	(6.1)	-	(6.1)
Effect of changes in foreign exchange rates	3.5	-	3.5
<b>Total other changes</b>	<b>(2.4)</b>	<b>13.3</b>	<b>10.9</b>
Balance as at 30 June 2018	255.8	0.4	256.2

**17. TRADE AND OTHER PAYABLES**

	2018 US\$M	2017 US\$M
Trade payables	16.1	25.1
Management fees payable to a related party	2.6	2.2
Interest payable	0.4	0.6
Deposits received	6.9	8.9
Accrued rental	10.0	14.5
Accrued expenses	10.5	4.6
Other payables	23.1	23.5
	<b>69.6</b>	<b>79.4</b>

## Notes to the Financial Statements *(Continued)*

### 18. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS

	Pensions US\$M	Provision for legal claim and others US\$M	Total US\$M
<b>Group</b>			
Balance at 1 July 2017	2.2	0.3	2.5
Provisions made during the year (net)	(6.4)	–	(6.4)
Provisions utilised during the year	(4.8)	–	(4.8)
Effect of movements in exchange rates	0.1	(0.1)	–
<b>Balance at 30 June 2018</b>	<b>(8.9)</b>	<b>0.2</b>	<b>(8.7)</b>

Pensions as at 30 June 2018 are classified as:

Pensions surplus	(11.4)
Pensions obligations	2.5
	<b>(8.9)</b>

	Pensions US\$M	Provision for legal claim and others US\$M	Total US\$M
<b>Group</b>			
Balance at 1 July 2016	0.7	1.0	1.7
Provisions made during the year (net)	5.7	7.8	13.5
Provisions utilised during the year	(4.4)	(8.5)	(12.9)
Effect of movements in exchange rates	0.2	*	0.2
<b>Balance at 30 June 2017</b>	<b>2.2</b>	<b>0.3</b>	<b>2.5</b>

Pensions as at 30 June 2017 are classified as:

Pensions surplus	(0.6)
Pensions obligations	2.8
	<b>2.2</b>

\* Amount less than US\$0.1m

## 18. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

### Pensions

The Group has several defined contribution and defined benefit pension schemes, all of which are closed to new members and their assets are held in separate funds administered by independent trustees. Actuarial valuations are carried out at least once every three years. The Group has set aside sufficient funds to fund the scheme.

These defined benefit pension schemes exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

	2018 US\$M	2017 US\$M
Present value of funded obligations	<b>120.6</b>	130.8
Less: Fair value of plan assets	<b>(129.5)</b>	(128.6)
Present value of net (assets)/obligations	<b>(8.9)</b>	2.2

Changes in the present value of the defined benefit obligation:

Opening defined benefit obligation	<b>130.8</b>	129.2
Current service cost	<b>0.3</b>	0.3
Interest cost	<b>3.6</b>	3.7
Actuarial (gains)/losses arising from:		
- demographic assumption	<b>(1.9)</b>	(1.9)
- financial assumption	<b>(5.1)</b>	10.1
- experience adjustment	<b>(2.1)</b>	(0.4)
Benefits paid	<b>(6.8)</b>	(5.9)
Effects of movements in exchange rates	<b>1.8</b>	(4.3)
Closing defined benefit obligation	<b>120.6</b>	130.8

Changes in the fair value of plan assets:

Opening fair value of plan assets	<b>(128.6)</b>	(128.5)
Contributions from the Company	<b>(4.8)</b>	(4.4)
Benefits paid	<b>6.8</b>	5.9
Actuarial gains	<b>(1.2)</b>	(6.1)
Effects of movements in exchange rates	<b>(1.7)</b>	4.5
Closing fair value of plan assets	<b>(129.5)</b>	(128.6)

Movements in the net (assets)/liabilities for defined benefit pension scheme obligations recognised in the statement of financial position:

Opening balance	<b>2.2</b>	0.7
Contributions paid	<b>(4.8)</b>	(4.4)
Expense recognised in the income statement	<b>0.5</b>	0.2
Actuarial (gains)/losses recognised in other comprehensive income	<b>(6.9)</b>	5.5
Effect of movements in exchange rates	<b>0.1</b>	0.2
Closing balance	<b>(8.9)</b>	2.2

## Notes to the Financial Statements *(Continued)*

### 18. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

#### Pensions *(Continued)*

	2018 US\$M	2017 US\$M
Expense recognised in the income statement:		
Current service costs	0.3	0.3
Net interest expense on obligation	0.2	(0.1)
	<b>0.5</b>	0.2
Plan assets comprise of:		
Equity/Diversified growth fund	68.7	68.5
Bond	60.6	59.7
Cash	0.2	0.4
	<b>129.5</b>	128.6

Principal actuarial assumptions as at the reporting date (expressed as weighted averages):

	2018 %	2017 %
Discount rate	2.85-3.00	2.65 - 4.00
Rate of increase to pensions in payment (RPI maximum 5% pa)	3.00	3.05
Rate of increase to pensions in payment (CPI maximum 3% pa)	1.80	1.85
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	1.65	1.70
Rate of increase in salaries	3.60	3.70

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase US\$M	Decrease US\$M
<b>2018</b>		
Discount rate (1% movement)	(20.3)	20.3
Rate of increase to pensions in payment (1% movement)	5.2	(5.2)
Rate of increase in salaries (1% movement)	0.1	(0.1)
Future mortality (1% movement)	4.1	(4.0)
<b>2017</b>		
Discount rate (1% movement)	(21.0)	21.0
Rate of increase to pensions in payment (1% movement)	5.6	(5.6)
Rate of increase in salaries (1% movement)	0.2	(0.2)
Future mortality (1% movement)	4.7	(4.7)

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 18. PENSIONS SURPLUS AND OBLIGATIONS AND PROVISIONS *(Continued)*

### Provision for legal claim

Pursuant to the settlement agreement entered into with the claimant and landlord (“Parties”) on 9 December 2016, a subsidiary of the Group paid an aggregate of US\$10.1m (inclusive of applicable VAT) to the Parties in full and final settlement of all claims and legal proceedings against a subsidiary of the Group in relation to the Property and the Guarantee. The settlement for legal claims has been recognised in the profit or loss in the previous year.

## 19. DEFERRED TAX LIABILITIES

Movement in deferred tax liabilities/(assets) during the year are as follows:

	At 1 July 2017 US\$M	(Credited)/ Charged to income statement (Notes 6 and 7) US\$M	(Credited)/ Charged to other comprehensive income US\$M	Effect of movements in exchange rates US\$M	At 30 June 2018 US\$M
<b>2018</b>					
Property and equipment	12.4	(1.8)	–	0.2	10.8
Tax losses	(1.2)	0.8	–	(0.1)	(0.5)
Loans and borrowings	(0.5)	0.1	–	*	(0.4)
Employee benefits	0.1	0.7	1.2	(0.1)	1.9
Casino brand and licence	1.8	(0.1)	–	*	1.7
Derivative instrument	(1.4)	–	0.7	*	(0.7)
Other items	–	5.4	–	(0.1)	5.3
	11.2	5.1	1.9	(0.1)	18.1

	At 1 July 2016 US\$M	(Credited)/ Charged to income statement (Notes 6 and 7) US\$M	(Credited)/ Charged to other comprehensive income US\$M	Effect of movements in exchange rates US\$M	At 30 June 2017 US\$M
<b>2017</b>					
Property and equipment	15.4	(2.4)	–	(0.6)	12.4
Tax losses	(2.5)	1.2	–	0.1	(1.2)
Loans and borrowings	(0.7)	0.1	–	0.1	(0.5)
Employee benefits	0.5	*	(0.3)	(0.1)	0.1
Casino brand and licence	1.7	0.2	–	(0.1)	1.8
Derivative instrument	(1.9)	–	0.5	*	(1.4)
Other items	(3.4)	3.2	–	0.2	–
	9.1	2.3	0.2	(0.4)	11.2

\* Amount less than US\$0.1m

## Notes to the Financial Statements *(Continued)*

### 19. DEFERRED TAX LIABILITIES *(Continued)*

#### Unrecognised deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets have not been recognised in respect of the following items:

	2018 US\$M	2017 US\$M
Deductible temporary differences	39.8	3.3
Tax losses	537.3	565.2
	<b>577.1</b>	<b>568.5</b>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in certain jurisdictions against which the Group can utilise the benefit therefrom.

The deductible temporary differences and the tax losses do not expire under current tax legislation. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

### 20. DERIVATIVE FINANCIAL LIABILITY

	2018 US\$M	2017 US\$M
Interest rate swap	4.3	8.1
	<b>4.3</b>	<b>8.1</b>

For hedging purpose, the Group entered into an interest rate swap with a nominal value of GBP138.0m (US\$181.7m) (2017: GBP138.0m (US\$179.2m)) which requires the Group to pay a fixed interest of 2.47% (2017: 2.47%) and allows it to receive a variable rate equal to LIBOR on the notional amount. The interest rate swap has a 3-year tenor commencing from 16 December 2016 and is valued based on the swap model valuation approach; using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve.

The Group's exposure to liquidity, interest rate and foreign currency risks and fair value information related to derivative financial liability are disclosed in Note 23.

## 21. SHARE CAPITAL AND RESERVES

	ORDINARY SHARES	
	2018	2017
<b>Share capital - authorised</b>		
Number of shares of par value of US\$0.20 each at beginning and end of the year	5,000,000,000	5,000,000,000

	ORDINARY SHARES	
	2018	2017
<b>Share capital - issued and fully paid</b>		
Number of shares in issue at beginning and end of the year	1,368,063,633	1,368,063,633

### Contributed surplus

Contributed surplus represents the excess of paid up share capital over the par value of the ordinary shares.

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

### Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet to mature.

### Capital reserve - share based payment

The capital reserve comprises the gain or loss recognised when an employee exercises the share options granted under ESOS 2008.

### Equity compensation reserve

The equity compensation reserve represents the cumulative value of services received from employees for the issue of shares under ESOS 2008.

### ESOS reserve

The ESOS reserve comprises the cost of the Company's shares acquired and held by the Trustee for the purpose of satisfying outstanding share options granted to eligible employees under ESOS 2008. As at 30 June 2018, the number of shares of the Company held in the ESOS reserve amounted to 68.3 million (2017: 68.3 million).

# Notes to the Financial Statements *(Continued)*

## 21. SHARE CAPITAL AND RESERVES *(Continued)*

### Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by shareholders' equity and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Company's approach to capital management during the financial year.

## 22. EMPLOYEE SHARE OPTION SCHEME

ESOS 2008 was approved by the shareholders of the Company on 17 October 2008 and by the shareholders of Guoco Group Limited on 21 November 2008 ("**GGL Approval Date**").

ESOS 2008 allows the grant of options over newly issued and/or existing shares of the Company to confirmed employees (including executive directors) of the Group ("**Employees**"). Non-Executive Directors of the Company, directors and employees of associated companies of the Company and directors and employees of Guoco Group Limited or the Company's controlling shareholders or their subsidiaries and associates are not eligible to participate in the ESOS 2008.

The aim of ESOS 2008 is to:

- (1) Align the long-term interests of Employees with those of the Company's shareholders and encourage Employees to assume greater responsibility for the performance of the businesses which they manage;
- (2) Motivate Employees towards achieving strategic business objectives;
- (3) Reward Employees with an equity stake in the success of the Group; and
- (4) Make the Company's compensation package more competitive in order to attract, retain and motivate high-calibre executives.

The Company has established a Trust for ESOS 2008 which is administered by a Trustee. The Trustee is appointed by and may be removed by the Company. The Trustee manages the Trust in accordance with a Trust Deed.

Pursuant to its powers under the Trust Deed, the Trust acquires existing shares of the Company for the purpose of satisfying outstanding options granted to Employees. To enable the Trustee to purchase such shares, the Trustee may from time to time accept financial assistance from the Company on terms and conditions agreed between the Trustee and the Company.

The Trust will terminate on 16 October 2031 or on a date determined by the Company, whichever is earlier. Upon the termination of the Trust, the Trustee will dispose of any remaining ESOS reserve (i.e., any shares held under the Trust which are not applied in satisfaction of outstanding options granted to the Employees) in accordance with the instructions of the Company.

The Company's Remuneration Committee ("**RC**"), comprising directors of the Company who are not participants of ESOS 2008, administers ESOS 2008.

## 22. EMPLOYEE SHARE OPTION SCHEME (Continued)

The aggregate of:

- (a) the number of shares over which the RC may grant options under ESOS 2008 on any date (“**Date**”); and
- (b) the number of shares transferred and to be transferred, and new shares issued and allotted and to be issued and allotted, pursuant to all options granted under ESOS 2008

shall not exceed 15% of the issued share capital of the Company on the day preceding the Date,

provided that the aggregate of:

- (i) the number of shares to be issued and allotted and over which the RC may grant options under ESOS 2008; and
- (ii) the number of shares which have been issued and allotted or which are to be issued and allotted to meet all options granted under the ESOS 2008

((i) and (ii) hereinafter collectively referred to as “**New Shares**”), shall not exceed 10% of the issued share capital of the Company as at the GGL Approval Date.

As at the date of this report, the number of New Shares is 136,806,363 (2017: 136,806,363), which represents 10% of the issued share capital of the Company as at the GGL Approval Date.

The maximum entitlement of any ESOS 2008 participant in respect of New Shares as a result of the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of the Company in issue as at the date of such grant.

The grant of an option to a participant shall be accepted within 30 days from the date on which such option is granted accompanied by a payment of S\$1 as consideration.

During the financial year ended 30 June 2018 (“**FY2018**”), up to 37,250,000 share options (2017: Nil) was granted pursuant to the ESOS 2008.

As at 30 June 2018, the total number of the Company’s shares comprised in the options granted under ESOS 2008 was 37,250,000 (2017: 19,500,000).

Details of movements in the options granted under ESOS 2008 during the financial year are as follow:

	2018	2017
Outstanding at the beginning of the financial year	19,500,000	72,400,000
Options granted during the financial year	35,250,000	–
Options cancelled/lapsed during the financial year	(17,500,000)	(52,900,000)
Outstanding at the end of the financial year	37,250,000	19,500,000

## Notes to the Financial Statements *(Continued)*

### 22. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

Details of the options granted to employees under ESOS 2008:

Participants	Aggregate share options granted since commencement of ESOS 2008 to end of financial year	Aggregate share options expired/lapsed since commencement of ESOS 2008 to end of financial year	Aggregate share options outstanding as at end of financial year
Key management personnel	48,050,000	(35,300,000)	12,750,000
Other employees	91,900,000	(67,400,000)	24,500,000

Save as disclosed above, since the commencement of ESOS 2008, no options have been granted under ESOS 2008 to any executive Director of the Company or of the controlling shareholders of the Company or their subsidiaries or associates. Save as disclosed above, since the commencement of ESOS 2008, there is no participant who has received 5% or more of the total number of options available under ESOS 2008.

Since the commencement of ESOS 2008, up to 37,250,000 share options have been granted under ESOS 2008 at a discount and no options have been granted under ESOS 2008 to any parent group Employee.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected volatility, dividend yield and risk-free rate are based on 5-year historical trends.

The fair value and assumptions are set out below:

Date of grant of options	3 April 2018	21 September 2015	13 May 2013
<b><i>Fair value of share options and assumptions</i></b>			
Fair value at measurement date	<b>0.10 - 0.12</b>	0.09 - 0.17	0.17 - 0.227
Share price at the date of grant	<b>0.78</b>	0.795	0.83
Exercise price	<b>0.74</b>	0.80	0.86
Expected volatility (%)	<b>21.4</b>	30.1	34.1
Expected option life (year)	<b>2.2 - 4.2</b>	1.3 - 6.3	3.6 - 8.6
Expected dividend yield (%)	<b>2.73</b>	2.75	2.41
Risk-free interest rate (%)	<b>1.72</b>	0.98	1.05

For options granted on 13 May 2013 and 21 September 2015, the exercise price is equal to the 5-day weighted average market price of the shares immediately prior to the respective date of grant for which there was trading in the shares.

For options granted on 3 April 2018, the exercise price is equal to the 5-day weighted average market price of the shares immediately prior to the date of grant for which there was trading in the shares, discounted by 5.7%.

The options granted on 21 September 2015 under ESOS 2008 had expired/lapsed as at 30 June 2018. 2,000,000 share options granted on 13 May 2013 remain outstanding as at 30 June 2018.

## 22. EMPLOYEE SHARE OPTION SCHEME *(Continued)*

The options granted on 13 May 2013 and 21 September 2015 under ESOS 2008 are valid from 13 May 2013 and 21 September 2015 respectively, and will vest in two tranches:

- the first tranche of up to 20% - 35% will vest at the end of the financial year ended 30 June 2016 upon the achievement of the applicable performance targets; and
- the second tranche of up to 65% - 80% will vest within three months of the end of the financial year ended 30 June 2019 upon the achievement of the applicable performance targets.

Each tranche, once vested, is exercisable as follows:

- 40% of that tranche is exercisable within 6 months from vesting date;
- 40% of that tranche is exercisable from the commencement of the 13th month to the end of the 18th month from vesting date; and
- 20% of that tranche is exercisable from the commencement of the 25th month to the end of the 30th month from vesting date.

The options granted on 3 April 2018 are valid from 3 April 2018 and will vest upon the Board's decision.

Once vested, the option is exercisable as follows:

- 40% of that total vested option is exercisable up to 2 months from vesting date;
- 40% of that total vested option is exercisable within 2 months from the 1st anniversary of the vesting date; and
- 20% of that total vested option is exercisable within 2 months from the 2nd anniversary of the vesting date.

ESOS 2008 will continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing from the GGL Approval Date.

A Trust has been established by the Company pursuant to which the Trustee holds 68.3 million (2017: 68.3 million) shares of the Company in the ESOS reserve as at 30 June 2018, for the purpose of satisfying any outstanding options that may be exercised under ESOS 2008.

The Group recognised total benefit of US\$0.4m (2017: US\$0.2m) related to equity settled employee share option transactions during the year.

# Notes to the Financial Statements *(Continued)*

## 23. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Group has a system of controls in place to identify and analyse the risks faced by the Group, to set appropriate risk limited and controls, and to monitor risks and adherence to limits. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

Derivative financial instruments may be used to reduce the exposure of underlying assets and liabilities to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Audit and Risk Management Committee ("**ARC**"), which reports to the Board, is charged with overseeing risk management practices and, in conjunction with the Internal Audit Department, seeks to identify areas of concern and implement plans to mitigate significant risks to the Company. The ARC regularly reviews, assesses and monitors various risk factors and also guides management in forming policies and processes to identify, evaluate and manage risks and to safeguard shareholders' interests and Company assets.

### (A) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's credit risks are primarily attributable to other investments, trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an on-going basis.

Bank deposits are placed with financial institutions which are regulated. Financial transactions are restricted to those with counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. The Group monitors exposures to individual counterparty and country to manage concentration risk.

The hotel business has its own credit policy to allow credit period of up to 14 days for certain of its customers. The Group has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

## 23. FINANCIAL INSTRUMENTS (Continued)

### (A) Credit risk (Continued)

The ageing of trade receivables at the reporting date are:

	Gross 2018 US\$M	Allowances for doubtful debts 2018 US\$M	Gross 2017 US\$M	Allowances for doubtful debts 2017 US\$M
<b>Group</b>				
Not past due nor impaired	15.7	–	12.3	–
Past due 0 – 30 days	0.2	–	6.4	–
Past due 31 – 180 days	0.4	0.4	0.2	–
Past due 181 – 365 days	–	–	0.3	0.2
More than one year	0.2	0.2	0.2	0.2
	<b>16.5</b>	<b>0.6</b>	19.4	0.4

The credit quality of trade receivables is assessed based on a credit policy established by the Risk Management Committee. The Group monitors customer credit risk by grouping trade receivables based on their characteristics. An analysis of the credit quality of trade receivables that were not impaired at the reporting date is as follows:

	2018 US\$M	2017 US\$M
Acceptable risk	15.9	19.0
High risk	–	–
	<b>15.9</b>	19.0

The change in allowances for doubtful debts during the year is as follows:

	2018 US\$M	2017 US\$M
Balance at the beginning of the financial year	0.4	0.3
Provision during the year (net)	0.2	0.1
Balance at the end of the financial year	<b>0.6</b>	0.4

Based on historical default rates, the Group believes that, apart from the above, no other impairment allowance is necessary. These receivables are mainly relating to customers that have a good record with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

# Notes to the Financial Statements *(Continued)*

## 23. FINANCIAL INSTRUMENTS *(Continued)*

### (B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity is managed on a daily basis by the treasury and finance departments. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered. In addition, the Group maintains banking facilities at a reasonable level to meet its overall debt position.

As far as possible, the Group will constantly raise committed funding from both capital markets and financial institutions and prudently balance its portfolio with short-term funding so as to achieve overall cost effectiveness.

As at 30 June 2018, the Group has unutilised credit facilities amounting to US\$197.5m (2017: US\$241.3m), of which US\$65.8m (2017: US\$145.5m) relates to committed credit facilities.

The following are the remaining contractual maturities at the reporting date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group and the Company can be required to pay:

	Contractual Undiscounted Cash Flow					
	Carrying amount US\$M	Total contractual undiscounted cash flow US\$M	Within 1 year or on demand US\$M	More than 1 year but less than 2 years US\$M	More than 2 years but less than 5 years US\$M	More than 5 years US\$M
<b>Group</b>						
<b>2018</b>						
Bank loans	180.8	186.5	3.2	183.3	-	-
Mortgage debenture stock	75.0	95.8	5.7	5.7	84.4	-
Interest rate swap	4.3	5.0	3.3	1.7	-	-
Trade and other payables*	62.7	62.7	62.7	-	-	-
	<b>322.8</b>	<b>350.0</b>	<b>74.9</b>	<b>190.7</b>	<b>84.4</b>	<b>-</b>
<b>2017</b>						
Bank loans and overdraft	183.8	193.6	9.4	3.3	180.9	-
Mortgage debenture stock	74.4	100.3	5.7	5.7	88.9	-
Interest rate swap	8.1	8.0	3.2	3.2	1.6	-
Trade and other payables*	70.5	70.5	70.5	-	-	-
	<b>336.8</b>	<b>372.4</b>	<b>88.8</b>	<b>12.2</b>	<b>271.4</b>	<b>-</b>

\* Excludes deposits received

## 23. FINANCIAL INSTRUMENTS (Continued)

### (B) Liquidity risk (Continued)

	Contractual Undiscounted Cash Flow		
	Carrying amount US\$M	Total contractual undiscounted cash flow US\$M	Within 1 year or on demand US\$M
<b>Company</b>			
<b>2018</b>			
Trade and other payables	1.0	1.0	1.0
<b>2017</b>			
Trade and other payables	0.9	0.9	0.9

### (C) Interest rate risk

The Group's interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group also uses interest rate swap and other derivatives to manage its interest rate exposure as appropriate. As at 30 June 2018, the Group has an interest rate swap classified as cash flow hedges with notional contractual amounts of GBP138.0m (US\$181.7m) (2017: GBP138.0m (US\$179.2m)) which requires the Group to pay a fixed interest rate of 2.47% (2017: 2.47%) and allows it to receive a variable rate equal to LIBOR on the notional amount (refer Note 20).

#### (i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities (including the effects of interest rate swap) at the reporting date.

	2018 Effective interest rate	2018 US\$M	2017 Effective interest rate	2017 US\$M
<b>Group</b>				
<b>Floating rate financial assets/(liabilities)</b>				
Deposits with banks	0.06% - 1.86%	105.4	0.001% - 1.72%	75.2
Interest rate swap	0.30% - 0.61%	181.7	0.35% - 0.37%	179.2
Bank loans and overdrafts	1.59%	(180.8)	1.57% - 2.25%	(183.8)
		106.3		70.6
<b>Fixed rate financial liabilities</b>				
Mortgage debenture stock	7.88%	(75.0)	7.88%	(74.4)
Interest rate swap	2.47%	(181.7)	2.47%	(179.2)
		(256.7)		(253.6)
Total		(150.4)		(183.0)

# Notes to the Financial Statements *(Continued)*

## 23. FINANCIAL INSTRUMENTS *(Continued)*

### (C) Interest rate risk *(Continued)*

#### (ii) Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rate at the reporting date would not affect the profit or loss of the Group.

As at 30 June 2018, it is estimated that a general increase/decrease of 50 (2017: 50) basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit and total equity by approximately US\$0.53m (2017: US\$0.35m). This takes into account the effect of interest-earning bank deposits and interest-bearing bank loans and other borrowings as at 30 June 2018.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date.

### (D) Foreign currency risk

The Group operates mainly in Singapore, Australia, Fiji, Hawaii, New Zealand and the United Kingdom. Other than the respective functional currencies of the Group's subsidiaries, the foreign currencies which the Group has exposure to at the reporting date is the United States Dollar, Australian Dollar and Pound Sterling.

The Group maintains a natural hedge in relation to each investment, wherever possible, by borrowing in the currency of the country in which an investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimise net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

## 23. FINANCIAL INSTRUMENTS (Continued)

### (D) Foreign currency risk (Continued)

#### (i) Exposure to foreign currency risk

The Group's and Company's exposure to foreign currencies as at 30 June 2018 and 30 June 2017 are as follow:

	United States Dollars \$M	New Zealand Dollars \$M	Australian Dollars \$M	Singapore Dollars \$M	Pound Sterling \$M	Fiji Dollars \$M	Malaysian Ringgit \$M	Total \$M
<b>Group</b>								
<b>2018</b>								
Other investments	0.2	-	-	-	-	-	-	0.2
Trade and other receivables <sup>1</sup>	0.3	-	-	0.1	19.8	-	-	20.2
Cash and cash equivalents	20.3	0.1	3.5	0.8	80.6	0.1	*	105.4
Trade and other payables <sup>2</sup>	(2.3)	(0.1)	(0.7)	(0.5)	(59.1)	*	-	(62.7)
Loans and borrowings	-	-	-	-	(255.8)	-	-	(255.8)
Derivative financial liability	-	-	-	-	(4.3)	-	-	(4.3)
Gross exposure arising from recognised assets/(liabilities)	18.5	-	2.8	0.4	(218.8)	0.1	*	(197.0)
Notional amounts of forward exchange contracts at fair value through the income statement <sup>3</sup>	-	-	-	-	-	-	-	-
Add/less:								
Net financial (liabilities)/assets denominated in the respective entities' functional currencies	(5.4)	-	(2.8)	(0.4)	228.9	(0.1)	*	220.2
Overall net exposure	13.1	-	-	-	10.1	-	-	23.2

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

<sup>3</sup> No forward exchange contracts at 30 June 2018 (2017: US\$46,000)

\* Amount less than US\$0.1m

## Notes to the Financial Statements *(Continued)*

### 23. FINANCIAL INSTRUMENTS *(Continued)*

#### (D) Foreign currency risk *(Continued)*

##### (i) Exposure to foreign currency risk *(Continued)*

	United States Dollars \$M	New Zealand Dollars \$M	Australian Dollars \$M	Singapore Dollars \$M	Pound Sterling \$M	Fiji Dollars \$M	Malaysian Ringgit \$M	Total \$M
<b>Group</b>								
<b>2017</b>								
Other investments	0.3	-	-	-	-	-	-	0.3
Trade and other receivables <sup>1</sup>	0.4	*	*	0.1	21.6	0.6	-	22.7
Cash and cash equivalents	17.7	0.6	0.5	0.3	56.1	0.5	0.3	76.0
Trade and other payables <sup>2</sup>	(2.2)	(0.1)	(0.2)	(0.8)	(67.2)	*	-	(70.5)
Loans and borrowings	-	-	-	-	(258.2)	-	-	(258.2)
Derivative financial liability	-	-	-	-	(8.1)	-	-	(8.1)
Gross exposure arising from recognised assets/(liabilities)	16.2	0.5	0.3	(0.4)	(255.8)	1.1	0.3	(237.8)
Notional amounts of forward exchange contracts at fair value through the income statement <sup>3</sup>	-	-	(3.1)	-	-	-	-	(3.1)
Add/less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	0.9	(0.5)	(0.3)	0.4	274.7	(1.1)	(0.3)	273.8
Overall net exposure	17.1	-	(3.1)	-	18.9	-	-	32.9

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

<sup>3</sup> No forward exchange contracts at 30 June 2018 (2017: US\$46,000)

\* Amount less than US\$0.1m

The Company does not have any exposure to foreign currency risk as at 30 June 2018.

23. FINANCIAL INSTRUMENTS (Continued)

(D) Foreign currency risk (Continued)

(ii) Sensitivity analysis

A strengthening of the following foreign currencies against the major functional currencies of the Group entities at the reporting date would increase/(decrease) the profit before tax by the amounts shown below. There is no impact on the other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Foreign Currencies	Increase in foreign exchange rates	Increase / (Decrease) in profit before tax US\$M
<b>Geographical region</b>			
<b>2018</b>			
United Kingdom	SGD	5.00%	-
	SGD	5.00%	-
	GBP	5.00%	0.5
Asia and United States of America	AUD	5.00%	-
	MYR	5.00%	-
	USD	5.00%	0.7
	NZD	5.00%	-
Australasia	FJD	5.00%	-
<b>2017</b>			
United Kingdom	SGD	5.00%	-
	SGD	5.00%	-
	GBP	5.00%	0.9
Asia and United States of America	AUD	5.00%	(0.2)
	MYR	5.00%	-
	USD	5.00%	0.9
	NZD	5.00%	-
Australasia	FJD	5.00%	-

A weakening of the above foreign currencies against the functional currencies would have an equal but opposite effect.

# Notes to the Financial Statements *(Continued)*

## 23. FINANCIAL INSTRUMENTS *(Continued)*

### (E) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as other investments (see Note 11).

The Group maintains a diversified investment portfolio, which comprises of global and regional counters, listed and unlisted. Investments are chosen to enhance creation of capital value for trading purpose as well as for long-term potential growth.

As at 30 June 2018, it is estimated that an increase of 10% (2017: 10%) in the market value of the Group's available-for-sale equity securities, with all other variables held constant, would increase the Group's total equity by US\$0.02m (2017: US\$0.03m). It is assumed that the available-for-sale investment would be considered impaired as a result of relevant risk variables.

### (F) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group and the Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## 23. FINANCIAL INSTRUMENTS *(Continued)*

### (F) Offsetting financial assets and financial liabilities *(Continued)*

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements:

	Gross amounts of recognised financial assets/ (liabilities) US\$M	Gross amounts of recognised financial assets/ (liabilities) offset in the statement of financial position US\$M	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US\$M	Related amounts not offset in the statement of financial position US\$M	Net amount US\$M
<b>Group</b>					
<b>2018</b>					
<b>Financial liability</b>					
Interest rate swap	(4.3)	–	(4.3)	–	(4.3)
<b>2017</b>					
<b>Financial liability</b>					
Interest rate swap	(8.1)	–	(8.1)	–	(8.1)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

### (G) Fair value estimation

Certain of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

#### (i) *Derivative financial instrument*

The fair values of the interest rate swap and forward exchange contracts are based on the broker quotes. The quotes are derived using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations.

#### (ii) *Mortgage debenture stock*

Mortgage debenture stock is measured at fair value at initial recognition and annually thereafter for disclosure on each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market borrowing rate at the reporting date plus an adequate credit spread. The interest rate used to discount estimated cash flows at the reporting date is 1.59% (2017: 2.25%).

#### (iii) *Other non-derivative financial assets and liabilities*

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amounts of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing.

# Notes to the Financial Statements *(Continued)*

## 23. FINANCIAL INSTRUMENTS *(Continued)*

### (H) Classification and fair value of financial instruments

Financial assets and financial liabilities classification and carrying amount:

	Note	Loans and receivables US\$M	Available- for-sale US\$M	Other financial liabilities US\$M	Fair value - hedging instrument US\$M	Total carrying amount US\$M
<b>Group</b>						
<b>2018</b>						
Available-for-sale investment	11	-	0.2	-	-	0.2
Trade and other receivables <sup>1</sup>	13	20.2	-	-	-	20.2
Cash and cash equivalents	14	105.4	-	-	-	105.4
		<b>125.6</b>	<b>0.2</b>	-	-	<b>125.8</b>
Bank loans	16	-	-	180.8	-	180.8
Mortgage debenture stock	16	-	-	75.0	-	75.0
Trade and other payables <sup>2</sup>	17	-	-	62.7	-	62.7
Interest rate swap	20	-	-	-	4.3	4.3
		-	-	<b>318.5</b>	<b>4.3</b>	<b>322.8</b>
<b>2017</b>						
Available-for-sale investment	11	-	0.3	-	-	0.3
Trade and other receivables <sup>1</sup>	13	22.7	-	-	-	22.7
Cash and cash equivalents	14	76.0	-	-	-	76.0
		98.7	0.3	-	-	99.0
Bank overdraft	16	-	-	6.1	-	6.1
Bank loans	16	-	-	177.7	-	177.7
Mortgage debenture stock	16	-	-	74.4	-	74.4
Trade and other payables <sup>2</sup>	17	-	-	70.5	-	70.5
Interest rate swap	20	-	-	-	8.1	8.1
		-	-	<b>328.7</b>	<b>8.1</b>	<b>336.8</b>

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

23. FINANCIAL INSTRUMENTS (Continued)

(H) Classification and fair value of financial instruments (Continued)

	Loans and receivables US\$M	Available- for-sale US\$M	Other financial liabilities US\$M	Fair value - hedging instrument US\$M	Total carrying amount US\$M
<b>Company</b>					
<b>2018</b>					
Trade and other receivables <sup>1</sup>	*	-	-	-	*
	*	-	-	-	*
Trade and other payables <sup>2</sup>	-	-	1.0	-	1.0
	-	-	1.0	-	1.0
<b>2017</b>					
Trade and other receivables <sup>1</sup>	*	-	-	-	*
	*	-	-	-	*
Trade and other payables <sup>2</sup>	-	-	0.9	-	0.9
	-	-	0.9	-	0.9

<sup>1</sup> Excludes prepaid expenses

<sup>2</sup> Excludes deposits received

\* Amount less than US\$0.1m

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

## Notes to the Financial Statements *(Continued)*

### 23. FINANCIAL INSTRUMENTS *(Continued)*

#### (H) Classification and fair value of financial instruments *(Continued)*

##### Fair value of financial assets and liabilities

	LEVEL 1 US\$M	LEVEL 2 US\$M	LEVEL 3 US\$M	TOTAL US\$M
<b>Group</b>				
<b>2018</b>				
Available-for-sale investment	-	-	0.2	0.2
Bank loans	-	(179.8)	-	(179.8)
Mortgage debenture stock	-	(88.2)	-	(88.2)
Derivative financial liability	-	(4.3)	-	(4.3)
	-	(272.3)	-	(272.3)
<b>2017</b>				
Available-for-sale investment	-	-	0.3	0.3
Bank loans	-	(177.7)	-	(177.7)
Mortgage debenture stock	-	(89.1)	-	(89.1)
Derivative financial liability	-	(8.1)	-	(8.1)
	-	(274.9)	-	(274.9)

During the financial year, there was no movement between the various levels of fair value hierarchies.

The following table shows a reconciliation from the beginning balances to the ending balances for other investments falling within level 3 of the fair value hierarchy:

	2018 US\$M	2017 US\$M
<b>Group</b>		
Opening balance	0.3	2.2
Additional - Distribution in kind	-	2.2
Disposal	-	(2.6)
Capital redemption	-	(0.2)
Unrealised losses recognised in OCI	(0.1)	(1.3)
Closing balance	0.2	0.3

## 24. COMMITMENTS

### (A) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 US\$M	2017 US\$M
Within one year	63.6	62.7
Between one and five years	262.0	258.6
Over five years	1,012.8	999.6
	<b>1,338.4</b>	1,320.9

The Group leases a number of properties under operating leases. The leases typically run for periods of up to thirty years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by majority of the lease agreements.

Total operating lease expense for the year is US\$43.3m (2017: US\$42.3m) and has been included in:

	2018 US\$M	2017 US\$M
Cost of sales	41.2	40.8
Administrative expenses	2.1	1.5
	<b>43.3</b>	42.3

*(Re-presented)*

Thirteen (2017: Eleven) areas / units within the leased properties have been subleased by the Group. These leases including subleases have varying remaining terms. Sublease rentals are receivable over the sublease period as follows:

	2018 US\$M	2017 US\$M
Within one year	2.0	2.4
Between one and five years	7.2	12.0
Over five years	34.3	31.2
	<b>43.5</b>	45.6

Total operating lease income for the year is US\$2.0m (2017: US\$2.4m) and has been included in revenue from hotel operations.

# Notes to the Financial Statements *(Continued)*

## 24. COMMITMENTS *(Continued)*

### (B) Commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements and investment commitment in a venture fund are as follows:

	2018 US\$M	2017 US\$M
Hotels, property and equipment	31.3	26.3
Other investments	0.4	0.4
	<b>31.7</b>	<b>26.7</b>

## 25. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company as well as the party are subject to common control or joint control. Related parties may be individuals or entities.

### The Group

During the financial year, one of the subsidiaries of the Group leased office space from a subsidiary of the intermediate holding company. Rental expense for the year ended 30 June 2018 amounts to US\$0.2m (2017: US\$0.2m).

In addition to the related party information disclosed elsewhere in the financial statements, fees paid under a Master Agreement for Services dated 2 July 2014 between GuoLine Group Management Co. Limited ("**GGMC**", a company related to a Director and the controlling shareholder of the Group), GOMC Limited and Guoco Group Limited ("**GGL**") for the provision of corporate management services during the financial year by GGMC to various GGL subsidiaries, including members of the Group, amounted to US\$3.5m (2017: US\$2.5m) (Note 5).

### The Company

The Company has advances to subsidiaries of US\$111.0m (2017: US\$483.8m). The advances are unsecured, interest free and repayable on demand. The administration fee paid to a subsidiary was US\$1.2m (2017: US\$1.4m).

No new loans were granted to the Trust for ESOS 2008 during the financial year. The loan balance as at 30 June 2018 was S\$55.9m (US\$41.0m) (2017: S\$57.4m (US\$41.7m)). No (2017: Nil) shares of the Company were acquired by the Trustee and added to the ESOS reserve during the financial year.

Except as disclosed above, there were no material contracts of the Company and its subsidiaries involving the interests of the Group Managing Director, any Director or any controlling shareholder subsisting as at 30 June 2018 or entered into since 30 June 2017.

## 26. SIGNIFICANT SUBSIDIARIES

	Auditors	Country of incorporation	Ownership interest	
			2018	2017
Subsidiaries held by:				
<b>Company</b>				
Ma Sing Investments Limited	*	British Virgin Islands	100%	100%
GLH Hotels Group Limited	KPMG United Kingdom	Bermuda	100%	100%
Clermont Leisure International Limited	KPMG United Kingdom	Jersey	100%	100%
GL Management Pte Ltd	KPMG Singapore	Singapore	100%	100%
BIL (Far East Holdings) Limited	KPMG Hong Kong	Hong Kong	100%	100%
<b>Group</b>				
BIL Australia Pty Ltd	KPMG Australia	Australia	100%	100%
GLH Hotels Holdings Limited	KPMG United Kingdom	United Kingdom	100%	100%
Molokai Properties Limited	*	United States of America	100%	100%
GLH Hotels Limited	KPMG United Kingdom	United Kingdom	100%	100%
Clermont Leisure (UK) Limited	KPMG United Kingdom	United Kingdom	100%	100%

\* Not required to be audited by law in country of incorporation.

The Company has established a Trust for ESOS 2008 and the Trust is administered by a Trustee. Pursuant to the trust deed for the Trust ("**Trust Deed**"), the Trust acquires issued shares of the Company for the purpose of satisfying outstanding options granted to eligible employees under ESOS 2008. Subject to the determination that certain financial and performance targets are met by these employees, shares of the Company held under the Trust ("**ESOS reserve**") will be transferred to these employees upon exercise of their share options. The Company has control of the Trust as a result of certain provisions in the Trust Deed (details of which are disclosed in Note 22 to the financial statements) and, accordingly, the Company has recognised the assets and liabilities of the Trust in its own financial statements.

The number of companies within the Group as at 30 June 2018 was 70 (2017: 70).

During the year, the Company waived certain advances to subsidiaries of US\$323.6m in aggregate, and accordingly, these amounts were recognised as capital contribution to the respective subsidiaries. At the reporting date, the Company carried out a review of the carrying amounts of its investments in and advances to subsidiaries. As a result of this, an aggregate impairment loss of US\$231.2m (2017: Nil) was provided for investment in subsidiaries. Also, an impairment loss of US\$20.8m (2017: Nil) was provided for advances to a subsidiary. Management estimated the recoverable amounts in the investments in a subsidiary based on fair value less cost to sell approach. Fair value less cost to sell at the reporting date has been determined based on the net asset value of the subsidiary at the reporting date as management is of the opinion that net asset value of the subsidiary approximates its fair value.

# Notes to the Financial Statements *(Continued)*

## 27. DIVIDENDS

Subject to shareholders' approval, the Board has proposed a first and final dividend of S\$0.022 per share (2017: S\$0.022 per share) for the financial year ended 30 June 2018, amounting to US\$22.1m (2017: US\$21.9m). The Company is not required to withhold any tax on payment of dividends to its shareholders. The dividend will be paid at the gross amount. Dividends received by shareholders may or may not be taxable in their hands depending on their tax profile and the jurisdiction they are in.

## 28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and its subsidiaries in future financial periods, the Management has assessed the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

### *Applicable to 2019 financial statements*

Summary of the requirements	Potential impact on the financial statements
<b>IFRS 15 Revenue from Contracts with Customers</b>	
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.	During the year, the Group completed its initial assessment of the impact on the Group's financial statements.
When effective, IFRS 15 replaces existing revenue recognition guidance, including IAS 18 <i>Revenue</i> , IAS 11 <i>Construction Contracts</i> , IFRIC 13 <i>Customer Loyalty Programmes</i> , IFRIC 15 <i>Agreements for the Construction of Real Estate</i> , IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC-31 <i>Revenue – Barter Transactions Involving Advertising Services</i> .	Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition.
IFRS 15 is effective for annual periods beginning on or after 1 July 2018, with early adoption permitted.	Transition – The Group plans to adopt the standard when it becomes effective in 2019.

## 28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

### Applicable to 2019 financial statements (Continued)

Summary of the requirements	Potential impact on the financial statements
<b>IFRS 9 Financial Instruments</b> <p>IFRS 9 replaces most of the existing guidance in IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial Instruments from IAS 39.</p> <p>IFRS 9 is effective for annual periods beginning on or after 1 July 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative Information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 July 2018.</p>	<p>During the year, the Group completed its initial assessment of the impact on the Group's financial statements.</p> <p>Overall, the Group does not expect a significant impact on its opening equity.</p> <p><b>Classification and measurement</b> – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under IFRS 9.</p> <p>Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under IFRS 9.</p> <p>For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under IFRS 9.</p> <p><b>Impairment</b> – The Group expects to apply the simplified approach and record lifetime expected losses on all loans, cash at bank and trade receivables. The Group does not expect a significant increase in impairment loss allowance.</p> <p><b>Hedge accounting</b> – The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9.</p>

# Notes to the Financial Statements *(Continued)*

## 28. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED *(Continued)*

### *Applicable to 2020 financial statements*

Summary of the requirements	Potential impact on the financial statements
<p><b>IFRS 16 Leases</b></p> <p>IFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 <i>Leases</i>. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the IAS 17 operating lease and finance lease accounting models respectively. However, IFRS 16 requires more extensive disclosures to be provided by a lessor.</p> <p>When effective, IFRS 16 replaces existing leases guidance including IAS 17 <i>Leases</i>, IFRIC 4 <i>Determining whether an Arrangement contains a Lease</i>, SIC-15 <i>Operating Leases—Incentives</i> and SIC-27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>IFRS 16 is effective for annual periods beginning on or after 1 July 2019, with early adoption permitted if IFRS 15 is also applied.</p>	<p>The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group has certain hotel properties where there are operating leases for the land and building. The Group expects these undiscounted operating lease commitments (see Note 24(A)) to be recognised as ROU assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of the Group.</p> <p>The Group plans to adopt the standard when it becomes effective in 2020. The Group will perform a detailed analysis of the standard, including the transition option and practical expedients in 2019.</p>

# Company Statement of Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 US\$M	2017 US\$M
Dividend income from a subsidiary		16.5	17.9
Sundry income		0.6	*
Administration fees		(1.2)	(1.5)
Other expenses		(252.7)**	(1.2)
<b>Operating (loss)/profit</b>	5	<b>(236.8)</b>	15.2
Net foreign exchange (loss)/gains		(16.2)	9.7
<b>(Loss)/Profit before tax</b>		<b>(253.0)</b>	24.9
Income tax expense	6	-	-
<b>(Loss)/Profit for the year</b>		<b>(253.0)</b>	24.9
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(253.0)</b>	24.9

\* Amount less than US\$0.1m

\*\* Comprising mainly impairment losses on investment in subsidiaries and advances to a subsidiary of US\$252.0m (see Note 26)

The accompanying notes form an integral part of these financial statements.

# Company Statement of Changes in Equity

For the Year Ended 30 June 2018

	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
<b>Balance at 1 July 2017</b>	<b>273.6</b>	<b>654.2</b>	<b>(1.6)</b>	<b>2.7</b>	<b>(46.2)</b>	<b>733.7</b>	<b>1,616.4</b>
<b>Loss for the year</b>	-	-	-	-	-	<b>(253.0)</b>	<b>(253.0)</b>
<b>Other comprehensive income</b>	-	-	-	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	-	-	-	-	-	<b>(253.0)</b>	<b>(253.0)</b>
<b>Transactions with owners, recorded directly in equity</b>							
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2017	-	-	-	-	-	<b>(21.0)</b>	<b>(21.0)</b>
<b>Total transactions with owners</b>	-	-	-	-	-	<b>(21.0)</b>	<b>(21.0)</b>
<b>Balance at 30 June 2018</b>	<b>273.6</b>	<b>654.2</b>	<b>(1.6)</b>	<b>2.7</b>	<b>(46.2)</b>	<b>459.7</b>	<b>1,342.4</b>
<b>Balance at 1 July 2016</b>	<b>273.6</b>	<b>654.2</b>	<b>(1.6)</b>	<b>2.7</b>	<b>(46.2)</b>	<b>729.3</b>	<b>1,612.0</b>
<b>Profit for the year</b>	-	-	-	-	-	<b>24.9</b>	<b>24.9</b>
<b>Other comprehensive income</b>	-	-	-	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	-	-	-	-	-	<b>24.9</b>	<b>24.9</b>
<b>Transactions with owners, recorded directly in equity</b>							
First and final dividend of 2.2 Singapore cents per share for the year ended 30 June 2016	-	-	-	-	-	<b>(20.5)</b>	<b>(20.5)</b>
<b>Total transactions with owners</b>	-	-	-	-	-	<b>(20.5)</b>	<b>(20.5)</b>
<b>Balance at 30 June 2017</b>	<b>273.6</b>	<b>654.2</b>	<b>(1.6)</b>	<b>2.7</b>	<b>(46.2)</b>	<b>733.7</b>	<b>1,616.4</b>

The accompanying notes form an integral part of these financial statements.

# Company Statement of Financial Position

As at 30 June 2018

	Note	2018 US\$M	2017 US\$M
<b>ASSETS</b>			
Investments in subsidiaries	26	1,225.6	1,133.2
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,225.6</b>	<b>1,133.2</b>
Trade and other receivables		0.3	0.3
Advances to subsidiaries	25	111.0	483.8
Cash and cash equivalents		6.5	-
<b>TOTAL CURRENT ASSETS</b>		<b>117.8</b>	<b>484.1</b>
<b>TOTAL ASSETS</b>		<b>1,343.4</b>	<b>1,617.3</b>
<b>LIABILITIES</b>			
Trade and other payables		1.0	0.9
<b>TOTAL CURRENT LIABILITIES</b>		<b>1.0</b>	<b>0.9</b>
<b>TOTAL LIABILITIES</b>		<b>1.0</b>	<b>0.9</b>
<b>NET ASSETS</b>		<b>1,342.4</b>	<b>1,616.4</b>
<b>SHARE CAPITAL AND RESERVES</b>		<b>1,342.4</b>	<b>1,616.4</b>

The accompanying notes form an integral part of these financial statements.

On behalf of the Board of Directors



**Tang Hong Cheong**  
Group Managing Director



**Timothy Teo Lai Wah**  
Director

# Shareholding Statistics

As at 10 September 2018

Issued and fully paid-up capital	:	US\$273,612,727
Number of issued and paid-up shares	:	1,368,063,633
Class of shares	:	Ordinary shares of US\$0.20 each with equal voting rights

## DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 to 99	158	0.75	4,172	0.00
100 to 1,000	12,458	58.93	6,235,825	0.46
1,001 to 10,000	6,785	32.10	23,013,201	1.68
10,001 to 1,000,000	1,705	8.06	88,177,986	6.44
1,000,001 AND ABOVE	33	0.16	1,250,632,449	91.42
<b>TOTAL</b>	<b>21,139</b>	<b>100</b>	<b>1,368,063,633</b>	<b>100</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name of shareholder	No. of shares	%
1	GuocoLeisure Assets Limited	924,338,134	67.57
2	UOB Kay Hian Private Limited	96,284,487	7.04
3	DBS Nominees Pte Ltd	52,682,389	3.85
4	Citibank Nominees Singapore Pte Ltd	50,186,275	3.67
5	OCBC Securities Private Limited	16,456,107	1.20
6	United Overseas Bank Nominees (Private) Limited	11,073,367	0.81
7	Merrill Lynch (Singapore) Pte. Ltd.	11,066,151	0.81
8	Raffles Nominees (Pte) Limited	10,651,057	0.78
9	Phillip Securities Pte Ltd	8,947,281	0.65
10	Haw Par Securities (Private) Limited	6,925,717	0.51
11	Maybank Kim Eng Securities Pte. Ltd.	6,711,218	0.49
12	CGS-CIMB Securities (Singapore) Pte. Ltd.	5,594,203	0.41
13	Choo Piang Wong	5,563,000	0.41
14	Lim & Tan Securities Pte Ltd	5,495,850	0.40
15	Waterworth Pte Ltd	5,000,000	0.36
16	Heng Siew Eng	4,884,300	0.36
17	HL Bank Nominees (Singapore) Pte Ltd	3,650,000	0.27
18	Hong Leong Finance Nominees Pte Ltd	3,375,300	0.24
19	DBS Vickers Securities (Singapore) Pte Ltd	2,462,635	0.18
20	DBSN Services Pte Ltd	1,988,722	0.14
<b>TOTAL</b>		<b>1,233,336,193</b>	<b>90.15</b>

## SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 10 September 2018, approximately 31.61 % of the issued shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

# Directors' and Substantial Shareholders' Interests

As at 10 September 2018

According to the Register of Directors' shareholding, none of the Directors holding office at the end of the financial year had any interest in the shares or convertible securities of the Company except as follows:

Director	Ordinary shares of US\$0.20 each					
	Direct interest No. of shares			Deemed interest No. of shares		
	As at 1 July 17	As at 30 June 18	As at 21 July 18	As at 1 July 17	As at 30 June 18	As at 21 July 18
Timothy Teo Lai Wah	500,000	500,000	500,000	-	-	-
Tang Hong Cheong	300,000	300,000	300,000	-	-	-

Director	Direct interest No. of options			Deemed interest No. of options		
	As at 1 July 17	As at 30 June 18	As at 21 July 18	As at 1 July 17	As at 30 June 18	As at 21 July 18
	Tang Hong Cheong	130,000	130,000	130,000	-	-

The Directors' interests in the ordinary shares and convertible securities of the Company as at 21 July 2018 were the same as those as at 30 June 2018.

The substantial shareholders of the Company and their direct and deemed interests as per the Register of Substantial Shareholders as at 10 September 2018 are set out below:

Substantial shareholder	No. of shares				
	Direct interest	% <sup>(1)</sup>	Deemed interest	% <sup>(1)</sup>	
GuocoLeisure Assets Limited ("GLAL")	916,618,934	67.00	-	-	
Guoco Group Limited	-	-	916,618,934 <sup>(2)</sup>	67.00	
GuoLine Capital Assets Limited	-	-	916,948,134 <sup>(3)</sup>	67.02	
GuoLine Overseas Limited ("GOL")	1,415,000	0.1	915,533,134 <sup>(3)</sup>	66.92	
HL Holdings Sdn Bhd	-	-	916,548,134 <sup>(3)</sup>	67.00	
Hong Leong Company (Malaysia) Berhad	-	-	916,548,134 <sup>(3)</sup>	67.00	
Hong Leong Investment Holdings Pte. Ltd.	-	-	930,422,825 <sup>(3)</sup>	68.01	
Quek Leng Chan	735,000	0.05	922,283,734 <sup>(4)</sup>	67.42	

#### Notes:

- (1) Percentages are based on 1,368,063,633 Shares (excluding treasury shares) as at 10 September 2018. Percentage figures have been rounded to 2 decimal places.
- (2) The deemed interests arise from their interests in GLAL by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.
- (3) The deemed interests arise from its interests in GLAL and companies in which it has an interest by virtue of Section 4 of the Securities and Futures Act Chapter 289 of Singapore.
- (4) The deemed interests arise from Mr Quek Leng Chan's interests in GLAL, GOL and a company in which he has an interest by virtue of Section 4 of the Securities and Futures Act Chapter 289 of Singapore.

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# Corporate Information

## BOARD OF DIRECTORS

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**Kwek Leng Hai**  
*Non-Independent  
Non-Executive Chairman*

**Paul Brough**  
*Independent  
Non-Executive Director*

**Jennie Chua**  
*Independent  
Non-Executive Director*

**Timothy Teo Lai Wah**  
*Independent  
Non-Executive Director*

**Tang Hong Cheong**  
*Executive Director*

## AUDIT AND RISK MANAGEMENT COMMITTEE

---

**Timothy Teo Lai Wah, Chairman**  
**Paul Brough**  
**Jennie Chua**

## REMUNERATION COMMITTEE

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**Paul Brough, Chairman**  
**Kwek Leng Hai**  
**Jennie Chua**

## NOMINATING COMMITTEE

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**Paul Brough, Chairman**  
**Kwek Leng Hai**  
**Jennie Chua**

## GROUP COMPANY SECRETARY

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Susan Lim

## REGISTERED OFFICE

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Canon's Court  
22 Victoria Street  
Hamilton HM 12, Bermuda  
Tel : (441) 294 8000  
Fax : (441) 295 3328

## AUDITORS

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**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581  
Partner in charge: Tan Kar Yee, Linda  
*(Appointed since financial year ended  
30 June 2015)*

## SHARE REGISTRARS AND TRANSFER OFFICES

---

**Bermuda**  
**Estera Services (Bermuda) Limited**  
Canon's Court  
22 Victoria Street  
Hamilton HM 12, Bermuda  
Tel : (441) 294 8000  
Fax : (441) 295 3328

**Singapore**  
**M & C Services Private Limited**  
112 Robinson Road #05-01  
Singapore 068902  
Tel : (65) 6227 6660  
Fax : (65) 6225 1452

## CORPORATE OFFICES

---

**Singapore**  
**GL Limited**  
1 Wallich Street  
#15-02 Guoco Tower  
Singapore 078881  
Tel : (65) 6438 0002  
Fax : (65) 6435 0040  
Email : info@gl-grp.com  
Website : www.gl-grp.com

**Australia**  
**BIL Australia Pty Limited**  
34 Sunnyside Crescent  
Castlecrag NSW 2068  
Australia  
Tel : (612) 9882 6670

## Fiji

**Tabua Investments Limited**  
Box PD67, Port Denarau  
Nadi, Fiji  
Tel : (679) 675 0251  
Fax : (679) 675 0025

## New Zealand

**Brierley Holdings Limited**  
Level 4, BDO Centre  
4 Graham Street  
Auckland, 1010  
New Zealand

## United Kingdom

**GLH Hotels Limited**  
Stephenson House  
75 Hampstead Road  
London  
NW1 2PL  
United Kingdom  
Tel : (44) 20 7554 3890  
Fax : (44) 845 040 5768  
Website : www.glhotels.com

## GLH Hotels Management (UK) Limited

c/o Womble Bond Dickinson (UK) LLP  
Level 6  
124 - 125 Princess Street  
Edinburgh  
EH2 4AD  
United Kingdom  
Tel : (44) 20 7554 3890  
Fax : (44) 845 040 5768  
Website : www.glhotels.com

## United States of America

**Molokai Properties Limited**  
P.O. Box 259  
Maunaloa, Hawaii 96770  
United States of America  
Tel : 1 (808) 534 9523  
Fax : 1 (808) 521 2279

**GL Limited**

1 Wallich Street  
#15-02 Guoco Tower  
Singapore 078881  
Tel : (65) 6438 0002  
Fax : (65) 6435 0040

**[www.gl-grp.com](http://www.gl-grp.com)**



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