



**APAC REALTY LIMITED**  
**Company Registration Number: 201319080C**

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

<b><u>TABLE OF CONTENTS</u></b>	<b><u>PAGE</u></b>
1 (a) (i) Consolidated Income Statement	2
1 (a) (ii) Notes to Consolidated Income Statement	3
1 (a) (iii) Consolidated Statement of Comprehensive Income	3
1 (b) (i) Statement of Financial Position	4
1 (b) (ii) Group Borrowings and Debt Securities	5
1 (c) Consolidated Statement of Cash Flows	6
1 (d) (i) Consolidated Statement of Changes in Equity	7
1 (d) (ii) Share Capital	8
1 (d) (iii) Total Number of Issued Shares	8
1 (d) (iv) Treasury Shares	8
2 Audit	8
3 Auditors' Report	8
4 Accounting Policies	8
5 Changes in Accounting Policies	9
6 Earnings Per Ordinary Share	9
7 Net Asset Value Per Share	9
8 Review of Group Performance	10
9 Use of Proceeds Raised from the Initial Public Offering Of Shares ("IPO")	15
10 Variance from Prospect Statement	15
11 Prospects	15
12 Dividend	15
13 Dividend Statement	16
14 Interested Person Transactions ("IPT")	16
15 Confirmation that the Issuer has procured Undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual	16
16 Confirmation Pursuant to the Rule 705(5) of the Listing Manual	16

---

**APAC REALTY LIMITED****Company Registration Number: 201319080C****UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

The Board of Directors of APAC Realty Limited wishes to announce the following unaudited results of the Group for the second quarter and half year ended 30 June 2019.

**1(a)(i) Consolidated Income Statement**

	Group			Group		
	2Q 2019 \$'000	2Q 2018 \$'000	Change (%)	1H 2019 \$'000	1H 2018 \$'000	Change (%)
Real estate brokerage fees and related services	84,789	121,176	(30.0)	160,995	224,913	(28.4)
Other revenue	867	858	1.0	2,066	2,348	(12.0)
<b>Total Revenue</b>	<b>85,656</b>	<b>122,034</b>	<b>(29.8)</b>	<b>163,061</b>	<b>227,261</b>	<b>(28.2)</b>
Cost of services	75,140	108,072	(30.5)	143,083	200,417	(28.6)
Personnel cost	2,529	2,353	7.5	5,845	5,708	2.4
Marketing and promotion expenses	680	320	112.5	1,631	642	154.0
Depreciation of plant and equipment	132	123	7.3	262	247	6.1
Depreciation of right-of-use assets	399	–	nm	798	–	nm
Amortisation of intangible assets	233	233	–	466	466	–
Allowance for doubtful debt provided						
- trade	615	281	118.9	754	809	(6.8)
- non-trade	–	–	–	54	–	nm
Finance costs	454	–	nm	899	–	nm
Other operating expenses	1,441	1,399	3.0	3,017	2,590	16.5
Total operating expenses	6,483	4,709	37.7	13,726	10,462	31.2
<b>Costs and Expenses</b>	<b>81,623</b>	<b>112,781</b>	<b>(27.6)</b>	<b>156,809</b>	<b>210,879</b>	<b>(25.6)</b>
Profit before tax	4,033	9,253	(56.4)	6,252	16,382	(61.8)
Income tax expense	736	1,560	(52.8)	1,213	2,772	(56.2)
<b>Profit for the period</b>	<b>3,297</b>	<b>7,693</b>	<b>(57.1)</b>	<b>5,039</b>	<b>13,610</b>	<b>(63.0)</b>
<b>Profit attributable to:</b>						
Owners of the Company	3,327	7,693	(56.8)	5,104	13,610	(62.5)
Non controlling interests (“NCI”)	(30)	–	nm	(65)	–	nm
	<b>3,297</b>	<b>7,693</b>	<b>(57.1)</b>	<b>5,039</b>	<b>13,610</b>	<b>(63.0)</b>

nm – not meaningful

## 1(a)(ii) Notes to Consolidated Income Statement

	Group		Group	
	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000	1H 2018 \$'000
<u>Included in other revenue</u>				
Interest income	186	66	316	127
Bad debts recovered	3	–	22	11
<u>Included in other operating expenses</u>				
Foreign exchange (gain)/loss, net	(111)	1	87	(6)
Investment in joint venture written back	–	–	(17)	–
Plant and equipment written off	–	–	20	–
Rental expense	97	600	271	1,268
<u>Included in income tax expense</u>				
Over provision of prior years' tax	–	–	3	–
Deferred tax written back	40	39	80	79
<b>Reconciliation</b>				
Rental expense	97	600	271	1,268
Interest on lease liabilities (included in finance costs)	65	–	134	–
Depreciation of right-of-use assets	399	–	798	–
	<b>561</b>	<b>600</b>	<b>1,203</b>	<b>1,268</b>

## 1(a)(iii) Consolidated Statement of Comprehensive Income

	Group		Group	
	2Q 2019 \$'000	2Q 2018 \$'000	1H 2019 \$'000	1H 2018 \$'000
<b>Profit for the period</b>	3,297	7,693	5,039	13,610
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation	11	–	1	–
Other comprehensive income for the period, net of tax	11	–	1	–
<b>Total comprehensive income for the period</b>	<b>3,308</b>	<b>7,693</b>	<b>5,040</b>	<b>13,610</b>
<b>Attributable to:</b>				
Owners of the Company	3,338	7,693	5,105	13,610
Non controlling interests	(30)	–	(65)	–
	<b>3,308</b>	<b>7,693</b>	<b>5,040</b>	<b>13,610</b>

## 1(b)(i) Statement of Financial Position

	Group		Company	
	30-Jun-19 \$'000	31-Dec-18 \$'000	30-Jun-19 \$'000	31-Dec-18 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	72,800	72,800	–	–
Plant and equipment	1,157	1,076	–	–
Right-of-use assets	5,851	–	–	–
Intangible assets	98,989	99,455	2,457	2,575
Investment in subsidiaries	–	–	190,153	190,111
Other investment	9	9	–	–
Fixed deposits	400	400	400	400
	179,206	173,740	193,010	193,086
<b>Current assets</b>				
Convertible loan	2,794	2,794	–	–
Trade receivables	50,210	51,966	66	60
Other receivables	10,714	1,395	551	547
Recoverables	9,045	7,943	–	–
Amount due from subsidiaries	–	–	12,753	3,078
Amount due from a joint venture	–	309	–	–
Tax recoverable	–	–	1	–
Prepaid operating expenses	1,769	2,038	4	12
Cash and bank balances	24,845	43,019	8,869	23,008
	99,377	109,464	22,244	26,705
<b>Total assets</b>	278,583	283,204	215,254	219,791
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables and accruals	59,008	63,452	236	330
Other payables	8,632	7,829	–	–
Amount due to subsidiaries	–	–	59,979	59,329
Deferred income	1,617	1,840	–	–
Lease liabilities	1,644	–	–	–
Loan and borrowing	2,900	2,900	–	–
Provision for taxation	3,911	5,172	–	8
	77,712	81,193	60,215	59,667
<b>Net current assets/(liabilities)</b>	21,665	28,271	(37,971)	(32,962)
<b>Non-current liabilities</b>				
Lease liabilities	4,207	–	–	–
Loan and borrowing	53,167	54,617	–	–
Deferred taxation	4,211	4,290	–	–
	61,585	58,907	–	–
<b>Net assets</b>	139,286	143,104	155,039	160,124
<b>Equity attributable to owners of the Company</b>				
Share capital	98,946	98,946	98,946	98,946
Foreign currency translation reserve	(2)	(3)	–	–
Accumulated profits	40,342	44,118	56,093	61,178
	139,286	143,061	155,039	160,124
Non-controlling interests	–	43	–	–
<b>Total equity</b>	139,286	143,104	155,039	160,124

## 1(b)(ii) Group's Borrowings and Debt Securities

### (a) Amount repayable in one year or less, or on demand

As at 30-Jun-19		As at 31-Dec-18	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
2,900	–	2,900	-

### (b) Amount repayable after one year

As at 30-Jun-19		As at 31-Dec-18	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
53,167	–	54,617	-

### (c) Details of any collaterals

#### SGD bank loan at floating rate

The loan of \$58.0 million is secured by way of a first legal mortgage over the property at 450 Lorong 6 Toa Payoh, Singapore 319394 of the subsidiary, APAC Investment Pte. Ltd. and a corporate guarantee from the Company.

The loan bears interest ranging from the prevailing 1-month SIBOR plus 0.9% to 2.0% per annum and are repayable by 59 monthly instalments of \$241,667 per month and the final bullet principal payment of \$43,741,647 on the final maturity date, 19 October 2023. The commencement date of repayment of the loan is 19 November 2018.

**1(c) Consolidated Statement of Cash Flows**

	<b>Group</b>		<b>Group</b>	
	<b>2Q 2019</b>	<b>2Q 2018</b>	<b>1H 2019</b>	<b>1H 2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	4,033	9,253	6,252	16,382
<u>Adjustments for:</u>				
Allowance for doubtful debts				
- trade and non-trade	615	281	808	809
Amortisation of intangible assets	233	233	466	466
Bad debts recovered	(3)	–	(22)	(11)
Depreciation of plant and equipment	132	123	262	247
Depreciation of right-of-use assets	399	–	798	–
Interest expense	454	–	899	–
Interest income	(186)	(66)	(316)	(127)
Plant and equipment written off	–	–	20	–
Write back of investment in joint venture	–	–	(17)	–
<b>Operating cash flows before working capital changes</b>	<b>5,677</b>	<b>9,824</b>	<b>9,150</b>	<b>17,766</b>
<u>Changes in working capital</u>				
(Increase)/decrease in trade and other receivables	(4,474)	(7,672)	542	(8,792)
Increase/(decrease) in trade and other payables	3,892	4,563	(3,863)	350
<b>Cash flows from operations</b>	<b>5,095</b>	<b>6,715</b>	<b>5,829</b>	<b>9,324</b>
Interest income received	186	66	316	127
Interest paid	(389)	–	(765)	–
Income taxes paid	(2,501)	(1,443)	(2,554)	(2,423)
<b>Net cash generated from operating activities</b>	<b>2,391</b>	<b>5,338</b>	<b>2,826</b>	<b>7,028</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(301)	(19)	(364)	(42)
Proceeds received from shares issued to non-controlling interests	–	–	22	–
Advances extended to PT Realti Jaya Abadi	(2,105)	–	(9,354)	–
Advances extended to joint venture	–	(100)	(60)	(200)
Proceeds from disposal of plant and equipment	–	1	–	1
<b>Net cash used in investing activities</b>	<b>(2,406)</b>	<b>(118)</b>	<b>(9,756)</b>	<b>(241)</b>
<b>Cash flows from financing activities</b>				
Proceeds from partial disposal of interests in joint venture	–	–	17	–
Repayment of lease liabilities	(466)	–	(931)	–
Repayment of loan and borrowings	(725)	–	(1,450)	–
Payment of dividends	(8,880)	(7,104)	(8,880)	(7,104)
<b>Net cash used in financing activities</b>	<b>(10,071)</b>	<b>(7,104)</b>	<b>(11,244)</b>	<b>(7,104)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,086)</b>	<b>(1,884)</b>	<b>(18,174)</b>	<b>(317)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>34,931</b>	<b>63,538</b>	<b>43,019</b>	<b>61,971</b>
<b>Cash and cash equivalents at end of the period</b>	<b>24,845</b>	<b>61,654</b>	<b>24,845</b>	<b>61,654</b>

## 1(d)(i) Consolidated Statement of Changes in Equity

<b>GROUP - 2019</b>	<b>Share capital</b> \$'000	<b>Foreign currency translation reserve</b> \$'000	<b>Accumulated profits</b> \$'000	<b>Attributable to owners of the Company</b> \$'000	<b>Non-controlling interests</b>	<b>Total equity</b> \$'000
<b>As at 1 January 2019</b>	98,946	(3)	44,118	143,061	43	143,104
Issuance of new shares of subsidiary to non-controlling interests	–	–	–	–	22	22
	98,946	(3)	44,118	143,061	65	143,126
Profit/(loss) for the period	–	–	1,777	1,777	(35)	1,742
Other comprehensive income - Foreign currency translation	–	(10)	–	(10)	–	(10)
<b>Total comprehensive income</b>	–	(10)	1,777	1,767	(35)	1,732
<b>As at 31 March 2019</b>	98,946	(13)	45,895	144,828	30	144,858
Profit/(loss) for the period	–	–	3,327	3,327	(30)	3,297
Other comprehensive income - Foreign currency translation	–	11	–	11	–	11
<b>Total comprehensive income</b>	–	11	3,327	3,338	(30)	3,308
Dividend paid	–	–	(8,880)	(8,880)	–	(8,880)
<b>As at 30 June 2019</b>	98,946	(2)	40,342	139,286	–	139,286
<b>GROUP - 2018</b>	\$'000	\$'000	\$'000	\$'000		\$'000
<b>As at 1 January 2018</b>	98,946	(1)	34,081	133,026	–	133,026
Profit for the period	–	–	5,917	5,917	–	5,917
<b>Total comprehensive income</b>	–	–	5,917	5,917	–	5,917
<b>As at 31 March 2018</b>	98,946	(1)	39,998	138,943	–	138,943
Profit for the period	–	–	7,693	7,693	–	7,693
<b>Total comprehensive income</b>	–	–	7,693	7,693	–	7,693
Dividends paid	–	–	(7,104)	(7,104)	–	(7,104)
<b>As at 30 June 2018</b>	98,946	(1)	40,587	139,532	–	139,532

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

There were no changes in the share capital of the Company in 2Q2019. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 June 2019 and 31 December 2018.

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

As at 30 June 2019, the Company's issued and paid-up capital, excluding treasury shares, comprises 355,197,700 (31 December 2018: 355,197,700) ordinary shares.

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements as at 31 December 2018.



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

The Group has adopted the new SFRS(I) 16 Leases that is effective for annual periods beginning on or after 1 January 2019.

**SFRS(I) 16 Leases**

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of ‘low value’ assets and short-term leases.

The Group has adopted SFRS(I) 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

On the adoption of SFRS(I) 16, the Group choose to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 1 January 2019. The Group recognised \$6,648,000 of right-of-use assets, \$1,627,000 of lease liabilities (current) and \$5,021,000 of lease liabilities (non-current) in the statement of financial position as at 1 January 2019.

**6 Earnings Per Ordinary Share**

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	Group					
	2Q 2019	2Q 2018	Change (%)	1H 2019	1H 2018	Change (%)
(i) Based on the weighted average number of shares (cents)	0.94	2.17	(56.7)	1.44	3.83	(62.4)
- Weighted average number of shares ('000)	355,198	355,198		355,198	355,198	
(ii) On a fully diluted basis (cents)	0.94	2.17	(56.7)	1.44	3.83	(62.4)
- Adjusted weighted average number of shares ('000)	355,198	355,198		355,198	355,198	

**7 Net Asset Value Per Share**

Net asset value per ordinary share based on issued share capital, excluding treasury shares, at the end of the financial period/year (cents)	Group			Company		
	30-Jun-19	31-Dec-18	Change (%)	30-Jun-19	31-Dec-18	Change (%)
	39.2	40.3	(2.7)	43.6	45.1	(3.3)

Note: The net asset value per share have been computed based on 355,197,700 shares as at 30 June 2019 and 31 December 2018.

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

Revenue derived from our real estate brokerage services include brokerage income from the brokerage of (a) resale and rental of residential, commercial and industrial properties and (b) new home sales. Revenue from real estate related services include merchandise sales, training fees from courses conducted, property valuation fees, property management fees, consultancy services fees, franchise fees and rental income from investment property. Other revenue refers to interest income, rental income from office spaces and workstations, business conference income, referral fee income and sundry income.

	<b>2Q 2019</b>	2Q 2018	Change
	<b>\$'000</b>	\$'000	(%)
Total revenue	85,656	122,034	(29.8)
Cost of services	75,140	108,072	(30.5)
Gross Profit	10,516	13,962	(24.7)

**2Q2019 vs 2Q2018**

**Revenue**

Revenue from real estate brokerage fees and related services decreased by approximately \$36.3 million or 29.8%, from \$122.0 million in 2Q2018 to \$85.7 million in 2Q2019. This was mainly due to the decrease in brokerage income from:

- a) resale and rental of properties of \$25.0 million or 29.2%, from \$85.5 million in 2Q2018 to \$60.5 million in 2Q2019; and
- b) new home sales of \$11.3 million or 32.9%, from \$34.3 million in 2Q2018 to \$23.0 million in 2Q2019.

Other revenue was approximately \$0.9 million for both 2Q2018 and 2Q2019.

**Cost of services**

Our cost of services decreased by approximately \$33.0 million or 30.5%, from \$108.1 million in 2Q2018 to \$75.1 million in 2Q2019, in line with the decrease in total revenue.

**Gross profit**

Gross profit decreased by approximately \$3.5 million or 24.7%, from \$14.0 million in 2Q2018 to \$10.5 million in 2Q2019. This was largely attributed to the decrease in contribution from both the resale and rental of properties, and new home sales amounting to a total of \$3.3 million.

**Operating expenses**

Personnel cost increased by approximately \$0.1 million or 7.5%, from \$2.4 million in 2Q2018 to \$2.5 million in 2Q2019 mainly due to the inclusion of staff cost of a new subsidiary in Thailand.

Marketing and promotion expenses increased by approximately \$0.4 million or 112.5%, from \$0.3 million in 2Q2018 to \$0.7 million in 2Q2019. The increase was mainly due to an increase in marketing activities and incentives in 2Q2019.

Depreciation of plant and equipment remained stable at approximately \$0.1 million in both 2Q2018 and 2Q2019.

Depreciation of right-of-use assets was \$0.4 million in 2Q2019 following the adoption of SFRS(I) 16 Leases on 1 January 2019.

Amortisation of intangible assets was approximately \$0.2 million in both 2Q2018 and 2Q2019.

Allowance for doubtful debts increased from approximately \$0.3 million in 2Q2018 to \$0.6 million in 2Q2019 mainly due to a specific provision of \$0.3 million relating to the commission of a transaction of which collection is uncertain.

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

Finance costs of approximately \$0.5 million in 2Q2019 comprised mainly interest expense from bank borrowings for the purchase of the new building in September 2018.

Other operating expenses was approximately \$1.4 million in both 2Q2018 and 2Q2019.

Overall, total operating expenses increased by approximately \$1.8 million or 37.7%, from \$4.7 million in 2Q2018 to \$6.5 million in 2Q2019.

**Profit before tax**

As a result of the foregoing, profit before tax decreased by approximately \$5.3 million or 56.4%, from \$9.3 million in 2Q2018 to \$4.0 million in 2Q2019.

**Tax expense**

Tax expense decreased by approximately \$0.9 million or 52.8%, from \$1.6 million in 2Q2018 to \$0.7 million in 2Q2019. The decrease was mainly due to the lower taxable income for 2Q2019.

**Profit for the period**

As a result of the foregoing, profit for the period decreased by approximately \$4.4 million or 57.1%, from \$7.7 million in 2Q2018 to \$3.3 million in 2Q2019.

**1H2019 vs 1H2018**

	<b>1H 2019</b>	<b>1H 2018</b>	Change
	<b>\$’000</b>	<b>\$’000</b>	(%)
Total revenue	163,061	227,261	(28.2)
Cost of services	143,083	200,417	(28.6)
Gross Profit	19,978	26,844	(25.6)

**Revenue**

Revenue decreased by approximately \$64.2 million or 28.2%, from \$227.3 million in 1H2018 to \$163.1 million in 1H2019. This was mainly due to the decrease in brokerage income from:

- a) resale and rental of properties of \$42.4 million or 27.6%, from \$153.9 million in 1H2018 to \$111.5 million in 1H2019; and
- b) new home sales of \$21.5 million or 31.4%, from \$68.5 million in 1H2018 to \$47.0 million in 1H2019.

Other revenue decreased by approximately \$0.2 million or 12.0%, from \$2.3 million in 1H2018 to \$2.1 million in 1H2019 mainly due to lower annual business conference income and bank referral income.

**Cost of services**

Cost of services decreased by approximately \$57.3 million or 28.6%, from \$200.4 million in 1H2018 to \$143.1 million in 1H2019, in line with the decrease in total revenue.

**Gross profit**

Gross profit decreased by approximately \$6.8 million or 25.6%, from \$26.8 million in 1H2018 to \$20.0 million in 1H2019. This was largely attributed to the decrease in contribution from both the resale and rental of properties, and new home sales amounting to a total of \$6.5 million.

**Operating expenses**

Personnel cost increased by approximately \$0.1 million or 2.4%, from \$5.7 million in 1H2018 to \$5.8 million in 1H2019 mainly due to to the inclusion of staff cost of a new subsidiary in Thailand.

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

Marketing and promotion expenses increased by approximately \$1.0 million or 154.0%, from \$0.6 million in 1H2018 to \$1.6 million in 1H2019 due to an increase in marketing activities and incentives in 1H2019.

Depreciation of plant and equipment was approximately \$0.2 million and \$0.3 million for 1H2018 and 1H2019 respectively.

Depreciation of right-of-use assets was \$0.8 million in 1H2019 following the adoption of SFRS(I) 16 Leases on 1 January 2019.

Amortisation of intangible assets was approximately \$0.5 million in both 1H2018 and 1H2019.

Allowance for doubtful debts was approximately \$0.8 million in both 1H2018 and 1H2019.

Finance costs of approximately \$0.9 million in 1H2019 (1H2018: Nil) comprised mainly interest expense from bank borrowings for the purchase of the new building in September 2018.

Other operating expenses increased by approximately \$0.4 million or 16.5%, from \$2.6 million in 1H2018 to \$3.0 million in 1H2019. The increase was due to, among others, operating expenses of a new subsidiary (APAC Investment Pte. Ltd) of \$0.4 million (1H2018: Nil).

Overall, total operating expenses increased by approximately \$3.2 million or 31.2%, from \$10.5 million in 1H2018 to \$13.7 million in 1H2019.

**Profit before tax**

As a result of the foregoing, profit before tax decreased by approximately \$10.1 million or 61.8%, from \$16.4 million in 1H2018 to \$6.3 million in 1H2019.

**Tax expense**

Tax expense decreased by approximately \$1.6 million or 56.2%, from \$2.8 million in 1H2018 to \$1.2 million in 1H2019. The decrease was mainly due to the lower taxable income in 1H2019.

**Profit for the period**

As a result of the foregoing, profit for the period decreased by approximately \$8.6 million or 63.0%, from \$13.6 million in 1H2018 to \$5.0 million in 1H2019.

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

## **Financial Position Review**

### **30 June 2019 vs 31 December 2018**

#### **Non-current assets**

The Group's total non-current assets amounted to approximately \$173.7 million and \$179.2 million as at 31 December 2018 and 30 June 2019 respectively. The increase of approximately \$5.5 million or 3.2% was due to the adoption of SFRS(I) 16 Leases on 1 January 2019 resulting in the recognition of \$6.6 million right-of-use assets partially reduced by depreciation of \$0.8 million in 1H2019.

#### **Current assets**

Trade receivables amounted to approximately \$52.0 million and \$50.2 million as at 31 December 2018 and 30 June 2019 respectively. The decrease of approximately \$1.8 million or 3.5% was mainly due to the lower brokerage revenue invoiced for new homes in 2Q2019 as compared to 4Q2018.

Other receivables amounted to approximately \$1.4 million and \$10.7 million as at 31 December 2018 and 30 June 2019 respectively. The increase of approximately \$9.3 million was mainly due to the grant of loans of \$9.4 million to PT Realti Jaya Abadi in 1H2019 to fund the acquisition of PT ERA Graharealty.

Recoverables amounted to approximately \$7.9 million and \$9.0 million as at 31 December 2018 and 30 June 2019 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately \$2.0 million and \$1.8 million as at 31 December 2018 and 30 June 2019 respectively.

Cash and bank balances decreased by approximately \$18.2 million or 42.3%, from \$43.0 million as at 31 December 2018 to \$24.8 million as at 30 June 2019 mainly due to dividend payment of \$8.9 million and the grant of loans of \$9.4 million to PT Realti Jaya Abadi as mentioned above.

As a result of the foregoing, total current assets decreased by approximately \$10.1 million or 9.2%, from \$109.5 million as at 31 December 2018 to \$99.4 million as at 30 June 2019.

#### **Non-current liabilities**

The Group's total non-current liabilities increased from \$58.9 million as at 31 December 2018 to \$61.6 million as at 30 June 2019. The increase of \$2.7 million or 4.6% was mainly due to the recognition of lease liabilities of \$4.2 million partially offset by the repayment of loan and borrowing of \$1.5 million.

#### **Current liabilities**

Trade payables and accruals amounted to approximately \$63.5 million and \$59.0 million as at 31 December 2018 and 30 June 2019 respectively. The decrease of approximately \$4.5 million or 7.1% was due to a drop in commission payables which corresponds with the lower billings in 2Q2019 as compared to 4Q2018.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately \$7.8 million and \$8.6 million as at 31 December 2018 and 30 June 2019 respectively. The increase of approximately \$0.8 million or 10.3% was mainly due to advance collections of CEA fees and other receipts.

Deferred income amounted to approximately \$1.8 million and \$1.6 million as at 31 December 2018 and 30 June 2019 respectively. The decrease of approximately \$0.2 million or 11.1% was mainly due to the recognition of professional indemnity income in 1H2019.

Lease liabilities of \$1.6 million represent the current portion of the lease obligations as at 30 June 2019.

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

#### **Current liabilities (cont'd)**

Provision for taxation amounted to approximately \$5.2 million and \$3.9 million as at 31 December 2018 and 30 June 2019. The decrease of approximately \$1.3 million or 25.0% was mainly due to lower income tax provided for 1H2019 as a result of lower taxable income.

As a result of the foregoing, total current liabilities decreased by approximately \$3.5 million or 4.3%, from \$81.2 million as at 31 December 2018 to \$77.7 million as at 30 June 2019.

#### **Equity attributable to the owners of the Company**

The equity attributable to the owners of the Company decreased by approximately \$3.8 million or 2.7%, from \$143.1 million as at 31 December 2018 to \$139.3 million as at 30 June 2019. The decrease was attributed to the dividend payment of \$8.9 million in May 2019 partially offset by profit of \$5.1 million for 1H2019.

#### **Cash Flow Review**

##### **2Q2019 vs 2Q2018**

Net cash generated from operating activities was approximately \$5.3 million in 2Q2018 as compared to approximately \$2.4 million in 2Q2019. The decrease of approximately \$2.9 million was mainly due to lower operating profit of \$5.2 million partially offset by an increase in working capital of \$2.5 million.

Net cash used in investing activities was approximately \$0.1 million in 2Q2018 as compared to \$2.4 million in 2Q2019. The increase of approximately \$2.3 million was mainly due to the purchase of plant and equipment of \$0.3 million and advances of \$2.1 million to PT Realti Jaya Abadi in 2Q2019.

Net cash used in financing activities was \$7.1 million in 2Q2018 as compared to \$10.1 million in 2Q2019. The increase of \$3.0 million was due to a higher dividend payment of \$1.8 million, repayment of bank loan of \$0.7 million and repayment of lease liabilities of \$0.5 million in 2Q2019.

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately \$10.1 million for 2Q2019 as compared to \$1.9 million for 2Q2018.

##### **1H2019 vs 1H2018**

Net cash generated from operating activities was approximately \$7.0 million in 1H2018 as compared to approximately \$2.8 million in 1H2019. The decrease of approximately \$4.2 million was mainly due to lower operating profit of \$10.1 million, partially offset by a decrease in working capital of \$5.1 million and non-cash adjustments of \$0.8 million mainly relating to the depreciation of right-of-use assets.

Net cash used in investing activities was approximately \$0.2 million and \$9.8 million in 1H2018 and 1H2019 respectively. The increase of \$9.6 million was mainly due to the advance of \$9.4 million extended to PT Realti Jaya Abadi in 1H2019.

Net cash used in financing activities was approximately \$7.1 million and \$11.2 million in 1H2018 and 1H2019 respectively. The increase of \$4.1 million was mainly due to a higher dividend payment of \$1.8 million, repayment of bank loan of \$1.5 million and repayment of lease liabilities of \$0.9 million in 1H2019.

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately \$18.2 million for 1H2019 as compared to a decrease of approximately \$0.3 million in 1H2018.

Cash and cash equivalents stood at \$24.8 million as at 30 June 2019.

## 9 Use of Proceeds Raised From IPO

Subsequent to the last announcement on 4th July 2019, no further utilisation was made by the Company. The balance of the Net Proceeds stands at \$6.0 million as follows:

<b>Purpose</b>	<b>Balance of Net Proceeds as at 5 August 2019 (S\$'000)</b>
Strengthening and expanding presence in Singapore	–
Expanding range of services and geographical presence in the Asia Pacific region	–
Enhancing technological capabilities	4,000
General corporate and working capital purposes	2,000
	<u>6,000</u>

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

The Company did not make any prospect statement previously.

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

The Singapore government introduced a fresh round of property cooling measures on 5 July 2018 where the additional buyer's stamp duty was raised and loan-to-value ratio was reduced. This affected and will continue to affect the underlying demand for residential properties in Singapore. The Singapore property market may also be affected by any adverse global economic conditions and changes in mortgage interest rates.

The total number of unsold private residential units have been increasing in the year 2018 and reached 35,538 (including ECs) as at 30 June 2019. The vacancy rate of completed private residential units have come down to 6.4% as at 30 June 2019, coming down from a high of 8.9% as at 30 June 2016.

Apart from the 35,538<sup>1</sup> unsold units (including ECs) with planning approval as at 30 June 2019, there is a potential supply of 7,100 units (including ECs) from Government Land Sales (GLS) sites and awarded en-bloc sale sites that have not been granted planning approval yet. They comprise (a) about 6,500 units from awarded GLS sites and Confirmed List sites that have not been awarded yet, and (b) about 600 units from awarded en-bloc sale sites.

## 12 Dividend

### (a) Any dividend declared for the current financial period reported on?

Yes.

<b>Name of Dividend</b>	Interim
<b>Dividend Type</b>	Cash
<b>Dividend Amount</b>	0.75 cents per ordinary share
<b>Tax Rate</b>	Tax Exempt

### (b) Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

<b>Name of Dividend</b>	Interim
<b>Dividend Type</b>	Cash
<b>Dividend Amount</b>	2.0 cents per ordinary share
<b>Tax Rate</b>	Tax Exempt

<sup>1</sup> "Release of 2<sup>nd</sup> Quarter 2019 real estate statistics", URA, 26 July 2019

## **12 Dividend (Cont'd)**

### **(c) Date payable**

Payment of interim dividend will be made on **9 September 2019**.

### **(d) Books closure date**

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. (Singapore time) on **29 August 2019** to 5.00 p.m. (Singapore time) on **30 August 2019** (both dates inclusive) for the preparation of dividend warrants for the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to the close of business at 5.00 p.m. (Singapore time) on **29 August 2019** will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. (Singapore time) on **29 August 2019** will be entitled to the interim dividend.

## **13 If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

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

Not applicable as the Group does not have in place a general mandate for interested person transactions.

## **15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual**

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

## **16 Confirmation Pursuant to the Rule 705(5) of the Listing Manual**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the second quarter and half year ended 30 June 2019 unaudited financial results to be false or misleading in any material respect.

## **BY ORDER OF THE BOARD**

Chua Khee Hak  
Executive Chairman and CEO  
5 August 2019

DBS Bank Ltd. is the sole issue manager of the initial public offering and listing of APAC Realty Limited. DBS Bank Ltd. assumes no responsibility for the contents of this announcement.