HATTEN LAND LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199301388D)

VARIANCE BETWEEN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 DATED 28 AUGUST 2019

The Board of directors (the "Board" or the "Directors") of Hatten Land Limited (the "Company", and together with its subsidiaries, the "Group") refers to the unaudited full year financial statements announcement for the financial year ended 30 June 2019 ("FY2019") dated 28 August 2019.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Board wishes to highlight certain material adjustments and reclassifications to the unaudited consolidated statement of comprehensive income, balance sheets and consolidated statement of cash flows for FY2019, following the finalization of the audit. The aforesaid adjustments and reclassifications with the explanation for the material variance are set out in Appendix A of this announcement.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng Colin@ Chen JunTing
Executive Chairman and Managing Director
9 November 2019

This announcement has been prepared by Hatten Land Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Appendix

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	Financial year ended 30 June 2019			
	Audited	**Unaudited**	**Variance**	
	RM'000	**$'000**	**RM'000**	**Note**
Revenue	340,461	281,350	59,111	a
Cost of sales	(144,686)	(183,544)	38,858	b
Gross profit	**195,775**	**97,806**		
Other operating income	12,769	-	12,769	c
Other income/gains	9,979	63,733	(53,754)	d
Other items of expense				
Other operating expense	(28,183)	-	(28,183)	c
Selling and marketing expenses	(8,576)	(43,858)	35,282	e
General and administrative expenses	(60,331)	(48,197)	(12,134)	f
Finance costs	(37,399)	(37,896)	497	
Profit/(loss) before tax	**84,034**	**31,588**		
Income tax expense	(63,675)	(19,395)	(44,280)	g
Profit after tax	**20,359**	**12,193**		
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	5	-	5	
Total comprehensive income	**20,364**	**12,193**		
Profit/(loss) for the period attributable to:				
Owners of the Company	18,854	12,343	6,511	
Non-controlling interests	1,505	(150)	1,655	h
	20,359	**12,193**		
Total comprehensive income for the period attributable to:				
Owners of the Company	18,859	12,343	6,511	
Non-controlling interests	1,505	(150)	1,655	
	20,364	**12,193**		

BALANCE SHEET FOR THE GROUP				
	As at June 2019			
	Audited	Unaudited	Variance	
	RM'000	RM'000	RM'000	Note
Assets				
Non-current assets				
Property, plant and equipment	242,872	234,538	8,334	
Investment in subsidiaries	-	-		
Deferred tax assets	-	89,241	(89,241)	1
Other receivable	605	605	-	
	243,477	324,384		
Current assets				
Development properties	681,542	827,083	(145,541)	2
Contract Assets	4,859	-	4,859	3
Trade and other receivables	591,730	430,528	161,202	4
Prepayments	4,503	-	4,503	5
Other current assets	-	32,090	(32,090)	6
Cash and bank balances	28,477	27,309	1,168	
	1,311,111	1,317,010		
Total assets	1,554,588	1,641,394		
Liabilities				
Current liabilities				
Loans and borrowings	328,832	306,491	22,341	7
Income tax payable	54,142	55,454	(1,312)	
Trade and other payables	343,384	362,860	(19,476)	8
Provisions	57,277	-	57,277	9
Contract liabilities	256,053	227,566	28,487	3
Other liabilities	-	467	(467)	
	1,039,688	952,838		
Net current assets	271,423	364,172		
Non-current liabilities				
Loans and borrowings	87,692	105,565	(17,873)	7
Other payables	29,925	396,589	(366,664)	10
Deferred tax liabilities	12,415	-	12,415	
	130,032	502,154		
Total liabilities	1,169,720	1,454,992		
Net assets	**384,868**	**186,402**		
Equity				
Share capital	252,719	252,719	-	
Retained earnings	215,029	14,180	200,849	
Translation reserve	5	-	5	
Other reserve	(3,222)	-		10
Merger reserve	(79,513)	(80,347)	834	
	385,018	186,552		
Non-controlling interest	(150)	(150)	-	
Total equity	**384,868**	**186,402**		
Total equity and liabilites	**1,554,588**	**1,641,394**		

CONSOLIDATED STATEMENT OF CASHFLOWS

	As at 30 June 2019		
	Audited RM'000	Unaudited RM'000	Variance RM'000
Cash flows from operating activities			
Profit before tax	84,034	31,588	52,446
Adjustments for:			
Depreciation of property, plant and equipment	4,463	4,085	378
(Gain)/loss on disposal of property, plant and equipment	(47)	35	(82)
Interest income	(2,180)	(2,262)	82
Interest expense	36,389	37,896	(1,507)
Accretion of interest on deferred payables	1,080	-	1,080
Amortisaion of capitalised costs of obtaining contracts	35,111	-	35,111
Amortisation of capitalised government grant	203	-	203
Amortisation of capitalised transaction costs	4,874	-	4,874
Provision	19,689	-	19,689
Unrealised foreign exchange (gain)/loss	4,121	4,163	(42)
Operating cash flows before working capital changes	**187,737**	**75,505**	
Decrease/(increase) in:			
Development properties	(33,368)	10,195	(43,563)
Contract assets	332,747	-	
Trade and other receivables	(281,912)	124,441	(406,353)
Prepayments	(2,888)	-	
Other assets	-	19,302	(19,302)
Increase/(decrease) in:			
Trade and other payables and contrat liabilities	74,096	(3,133)	77,229
Contract liabilities	(48,106)		
Other liabilities	-	(94)	94
Cash flow from/(used in) operations	228,306	226,217	
Interest paid	(36,389)	(37,896)	1,507
Interest received	2,180	2,262	(82)
Income tax paid	(10,539)	(16,280)	5,741
Net cash flows from/(used in) operating activities	**183,558**	**174,303**	
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	972	792	180
Acquisition of subsidiaries	1	507	(506)
Increase in pledged fixed deposit	(55)	(56)	1
Additions to property,plant and equipment	(88,651)	(80,879)	(7,772)
Net cash flows used in investing activities	**(87,733)**	**(79,636)**	
Cash flows from financing activities			
Proceeds from term loans	52,248	52,248	-
Repayment of obligations under finance leases	(3,060)	(2,752)	(308)
Repayment of loan and borrowings	(168,914)	(175,556)	6,642
Repayment of medium-tern notes	(7,000)	-	
Dividend paid on ordinary shares	(1,053)	(1,053)	-
Net cash flows (used in)/from financing activities	**(127,779)**	**(127,113)**	
Net change in cash and cash equivalents	(31,954)	(32,446)	492
Cash and cash equivalents at the beginning of the year	58,808	56,091	2,717
Effects of exchange rate changes on cash and cash equivalents	396	222	174
Cash and cash equivalents at the end of the year	**27,250**	**23,868**	
Cash and bank balances	28,477	27,309	1,168
Less: Pledged fixed deposit	(1,227)	(3,441)	2,214
Cash and cash equivalents as per above	**27,250**	**23,868**	

Notes:

Consolidated statement of comprehensive income

(a) **Revenue**

The increase in revenue was mainly due to adjustment arising from sale of development property with leaseback arrangement during the current year review of the Group's accounting policy. The Group previously deferred the excess of the property sale price over the standalone fair value of the property unit and set off leaseback payments made to purchasers against the excess over the contractual lease period. The sale of development property with leaseback arrangement is assessed to be accounted for as two separate transactions where the sale of development property during the construction period is accounted for based on SFRS(I) 15 Revenue from Contracts with Customers and the lease transaction shall be accounted for in accordance with SFRS(I) 1-17 Leases. Consequently, there is an increase in revenue and rental expense under other operating expense.

The increase was partially offset by additional liquidated ascertained damages payable to purchasers for the delay in completion of its development project and reclassification of rental income to other operating income.

(b) **Cost of sales**

The decrease in cost of sales was mainly due to liquidated ascertained damages claims from contractors from other income/gains to cost of sales.

The decrease was partly offset by a reclassification of incremental costs of obtaining contracts in relation to the sale of development properties from selling and marketing expenses to cost of sales.

(c) **Other operating income/ other operating expense**

The increase in other operating income was mainly due to reclassification of rental income from revenue.

The increase in other operating expense is mainly due to reclassification of rental expense from general and administrative expenses to other operating expense.

(d) **Other income/gains**

The decrease in other income/gains was due to reclassification of liquidated ascertained damages claims from contractors from other income/gains to cost of sales

(e) **Selling and marketing expense**

The decrease in selling and marketing expense was mainly due to reclassification of incremental costs of obtaining contracts in relation to the sale of development properties from selling and marketing expenses to cost of sales.

(f) **General and administrative expense**

The increase in general and administrative expense was mainly due accrual of tax penalties. The increase was partially offset by the reclassification of rental expense to other operating expense.

(g) **Income tax expense**

The increase in income tax expense was mainly due to reversal of deferred tax assets recognised in prior year in relation to the rental guarantees provided in conjunction with the sale of development properties due to adjustment explained in (a) and reversal of unutilised tax losses and capital allowances due to uncertainty of its recoverability.

(h) **Non-controlling interests**

The increase was due to profit earned during the year from Velvet Valley Sdn Bhd and its subsidiary that is attributable to the non-controlling interests.

Balance Sheet for the Group

1. Deferred tax assets

The decreased in deferred tax assets was mainly due to reversal of deferred tax assets was previously recognised in relation to the rental guarantees provided in conjunction with the sale of development properties due to adjustment explained in (a) and reversal of unutilised tax losses and capital allowances due to uncertainty of its recoverability.

2. Development properties

The decrease in development properties was mainly due to reversal of the land cost as certain condition precedents of the joint development agreement that grants the Group the development rights have not been fullfiled. The decrease was partially offset by the reclassification of capitalised incremental costs of obtaining contracts from other current assets.

3. Contract assets/ contract liabilities

The increase in contract assets/liabilities was mainly due to reclassification from trade and other receivables/payables.

4. Trade and other receivables

The increase in trade and other receivables was mainly due to reclassification of debit balances (representing assets) in trade and other payables (representing liabilities) to trade and other receivable accounts. i.e transfer of a negative amount in trade and other payables to trade and other receivables. The increase was partially offset by the reclassification of prepayments.

5. Prepayments

The increase in prepayments was mainly due to reclassification of prepayment from trade and other receivables.

6. Other current assets

The decrease in other current assets was mainly due to reclassification of deferred expenditure i.e commission and referral fees to development properties.

7. Loans and borrowings

The loan and borrowings are due to the reclassification from non-current to current. There is no significant change to the total amount.

8. Trade and other payables

The decrease in trade and other payables was mainly due to reclassification of provision for developer interest-bearing scheme and provision for liquidated ascertained damages to provisions.

9. Provisions

The provisions was due to reclassification of provision for developer interest-bearing scheme and provision for liquidated ascertained damages from trade and other payables and increase in provision for liquidated ascertained damages.

10. **<u>Other payables</u>**

The decrease in other payable due to reversal of the land cost from one of the subsidiary company for certain condition precedents of the joint and development agreement have not been fullfiled and reversal of deferred revenue.

11. **<u>Other reserve</u>**

Other reserve relates to “premium paid on acquisition of non-controlling interests’ in relation to the acquisition of Velvet Valley Sdn Bhd and its subsidiary.

<u>Consolidate statement of cash flow</u>

As a result of changes to the consolidated statement of comprehensive income and the balance sheets, corresponding changes have been made to the consolidated statement of cash flows, which shall be read in conjunction with the audited consolidated statement of comprehensive income and the balance sheets.