



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR NINE MONTHS ENDED 30 SEPTEMBER 2014

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Group					
	3Q2014 S\$'000	3Q2013 (Restated) S\$'000	Increase / (Decrease) %	9 Months Ended 30 September		Increase / (Decrease) %
				2014 S\$'000	2013 (Restated) S\$'000	
Revenue	4,040	3,016	34.0	29,484	12,024	145.2
Cost of properties sold	(794)	(74)	973.0	(18,443)	(3,093)	496.3
Other operating income	747	1,327	(43.7)	2,256	2,896	(22.1)
Personnel expenses	(962)	(899)	7.0	(2,855)	(2,516)	13.5
Depreciation of fixed assets	(55)	(63)	(12.7)	(164)	(187)	(12.3)
Other operating expenses	(2,072)	(1,695)	22.2	(7,465)	(3,613)	106.6
Profit from operations	904	1,612	(43.9)	2,813	5,511	(49.0)
Finance expenses	(3,222)	(396)	713.6	(7,723)	(1,450)	432.6
Finance income	990	786	26.0	2,737	2,253	21.5
Share of profits of associated companies	1,877	1,434	30.9	6,992	3,236	116.1
Gain from fair value adjustment of investment properties	-	-	N.M	3,000	3,800	(21.1)
Profit before tax from operations	549	3,436	(84.0)	7,819	13,350	(41.4)
Income tax expense	(321)	(314)	2.2	(717)	(1,071)	(33.1)
Profit for the period, net of tax	228	3,122	(92.7)	7,102	12,279	(42.2)
Other comprehensive income						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	(1,848)	552	(434.8)	(1,349)	763	(276.8)
Total comprehensive income for the period	(1,620)	3,674	(144.1)	5,753	13,042	(55.9)
Profit attributable to:						
Owners of the parent	614	3,123	(80.3)	7,566	12,280	(38.4)
Non-controlling interests	(386)	(1)	100.0	(464)	(1)	100.0
	228	3,122	(92.7)	7,102	12,279	(42.2)
Total comprehensive income attributable to:						
Owners of the parent	(1,234)	3,675	(133.6)	6,217	13,043	(52.3)
Non-controlling interests	(386)	(1)	100.0	(464)	(1)	100.0
	(1,620)	3,674	(144.1)	5,753	13,042	(55.9)

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

UNAUDITED BALANCE SHEETS

	Group		Company	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	\$'000	(Restated)	\$'000	(Restated)
		\$'000		\$'000
Non-Current Assets				
Fixed assets	62,076	455	160	206
Investment properties	172,101	138,900	-	-
Subsidiaries	-	-	31,670	31,670
Associated companies and joint venture companies	253,544	186,280	5,001	5,000
Other investments	8,840	3,050	-	-
Intangible assets	109	109	-	-
Deferred tax assets	8	8	8	8
	496,678	328,802	36,839	36,884
Current assets				
Development properties	212,844	224,261	70,686	69,055
Trade receivables	167	287	16	1
Other receivables	5,835	6,039	9	737
Prepayments	396	835	43	307
Amounts due from subsidiaries (non-trade)	-	-	221,937	128,567
Amounts due from related parties (trade)	14	13	-	-
Fixed deposits	16,000	47,124	16,000	47,000
Cash and bank balances	12,309	9,155	6,316	3,550
	247,565	287,714	315,007	249,217
Current Liabilities				
Trade payables	6,388	6,710	673	529
Other payables and accruals	6,517	4,728	3,832	1,683
Amounts due to subsidiaries (non-trade)	-	-	26,406	14,958
Amounts due to associated companies (non-trade)	7,626	-	-	-
Lease obligations	31	45	-	4
Short-term bank loans	-	1,000	-	1,000
Bank term loans	92,539	56,365	-	-
Bank overdrafts	1,830	-	-	-
Income tax payable	1,166	1,367	50	85
	116,097	70,215	30,961	18,259
Net current assets	131,468	217,499	284,046	230,958
Non-current liabilities				
Other payables and accruals	1,257	960	-	-
Lease obligations	-	21	-	-
Amounts due to associated companies (non-trade)	17,421	-	-	-
Bond	135,000	75,000	135,000	75,000
Bank term loans	157,265	167,191	60,995	60,995
	(310,943)	(243,172)	(195,995)	(135,995)
Net assets	317,203	303,129	124,890	131,847
Share capital and reserves				
Share capital	58,803	58,803	58,803	58,803
Shareholders' contribution	8,596	8,596	-	-
Translation reserve	(1,596)	(247)	-	-
Retained earnings	238,712	235,981	66,087	73,044
	304,515	303,133	124,890	131,847
Non-controlling interests	12,688	(4)	-	-
Total equity	317,203	303,129	124,890	131,847

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

Amount repayable in one year or less, or on demand

As at 30/09/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
94,400	-	56,410	1,000

Amount repayable after one year

As at 30/09/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
157,265	135,000	167,212	75,000

Details of any collateral

All secured borrowings of the Group are secured by first legal mortgages and assignment of rental and sales proceeds of the investment properties and development properties of the borrowing companies. Lease obligations are secured on the assets purchased under lease financing.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED THIRD QUARTER AND NINE MONTHS CASH FLOW STATEMENTS

	Group			
	3Q2014 \$'000	3Q2013 (Restated) \$'000	9 Months Ended 30 September 2014 \$'000	2013 (Restated) \$'000
Cash flows generated from operating activities				
Profit before tax	549	3,436	7,819	13,350
Adjustments for:				
Depreciation of fixed assets	55	64	164	187
Gain from fair value adjustment of investment properties	-	-	(3,000)	(3,800)
Share of profits of associated companies	(1,877)	(1,434)	(6,992)	(3,236)
Interest expense	3,222	396	7,723	1,450
Interest income	(990)	(786)	(2,737)	(2,253)
Dividend income from investee company	-	(593)	-	(593)
Exchange differences	(100)	165	(79)	86
Operating cash flows before changes in working capital	859	1,248	2,898	5,191
(Increase) Decrease in development properties	(2,011)	(3,847)	11,055	(11,424)
Decrease (Increase) in trade receivables	2,565	8	120	(34)
Decrease (Increase) in other receivables	463	(1,506)	491	(6,065)
Decrease (Increase) in prepayments	(172)	(1,099)	439	(1,105)
(Decrease) Increase in trade payables	(433)	1,020	(322)	(312)
Decrease in other payables and accruals	2,755	1,334	2,086	984
Decrease in amounts due to related parties (non-trade)	-	(1,000)	-	(1,550)
(Increase) Decrease in amounts due from related parties, net	(1)	3	(1)	190
Cash flows from (used in) operations	4,025	(3,839)	16,766	(14,125)
Interest received	990	786	2,737	2,253
Interest paid, excluding amounts capitalised	(3,222)	(396)	(7,723)	(1,450)
Income taxes paid	(544)	(519)	(914)	(1,600)
Net cash from (used in) operating activities	1,249	(3,968)	10,866	(14,922)

UNAUDITED THIRD QUARTER AND NINE MONTHS CASH FLOW STATEMENTS (CONTINUED)

	Group			
	3Q2014	3Q2013	9 Months Ended	
	\$'000	(Restated)	30 September	2013
	\$'000	\$'000	2014	(Restated)
	\$'000	\$'000	\$'000	\$'000
Cash flows from used in investing activities				
Purchase of fixed assets	(8,319)	(97)	(9,147)	(183)
Net cash outflow on investment in an associated company	(1,945)	-	(1,945)	-
Net cash outflow on acquisition of a subsidiary	-	-	(46,373)	-
Net cash outflow on acquisition of an investment property	(26,842)	-	(26,842)	-
Loan to investee company	(35)	(105)	(5,790)	(290)
Dividend income from investee company	-	593	-	593
Loan to and investment in associated companies	(19,239)	(2,903)	(30,946)	(1,447)
Net cash used in investing activities	(56,380)	(2,512)	(121,043)	(1,327)
Cash flows from financing activities				
Repayment of lease obligations, net	(10)	(24)	(35)	(70)
Proceeds from bank loans, net	25,262	11,651	25,247	31,583
Proceeds from bond issue	-	-	60,000	-
Dividends paid on ordinary shares of the Company	(1,343)	-	(4,835)	(2,910)
Net cash generated from financing activities	23,909	11,627	80,377	28,603
Net (decrease) increase in cash and cash equivalents	(31,222)	5,147	(29,800)	12,354
Cash and cash equivalents at beginning of period	57,701	(2,959)	56,279	(10,166)
Cash and cash equivalents at end of period	26,479	2,188	26,479	2,188

Note: Cash and cash equivalents

	Group			
	3Q2014	3Q2013	9 Months Ended	
	\$'000	(Restated)	30 September	2013
	\$'000	\$'000	2014	(Restated)
	\$'000	\$'000	\$'000	\$'000
Fixed deposits	16,000	121	16,000	121
Cash and bank balances	12,309	4,055	12,309	4,055
Bank overdrafts	(1,830)	(1,988)	(1,830)	(1,988)
Cash and cash equivalents	26,479	2,188	26,479	2,188

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company						
	Share Capital S\$'000	Shareholders' Contribution S\$'000	Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Balance at 1 January 2013	58,803	8,596	(1,474)	220,541	286,466	(3)	286,463
Total comprehensive income for the period	-	-	763	12,280	13,043	-	13,043
Dividends	-	-	-	(2,910)	(2,910)	-	(2,910)
Balance at 30 September 2013	58,803	8,596	(711)	229,911	296,599	(3)	296,596
Balance at 1 January 2014	58,803	8,596	(247)	235,981	303,133	(4)	303,129
Total comprehensive income for the period	-	-	(1,349)	7,566	6,217	(464)	5,753
Dividends	-	-	-	(4,835)	(4,835)	-	(4,835)
Investment in new subsidiaries	-	-	-	-	-	13,156	13,156
Balance at 30 September 2014	58,803	8,596	(1,596)	238,712	304,515	12,688	317,203
Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000				
Balance at 1 January 2013	58,803	77,290	136,093				
Total comprehensive income for the period	-	208	208				
Dividends	-	(2,910)	(2,910)				
Balance at 30 September 2013	58,803	74,588	133,391				
Balance at 1 January 2014	58,803	73,044	131,847				
Total comprehensive income for the period	-	(2,122)	(2,122)				
Dividends	-	(4,835)	(4,835)				
Balance at 30 September 2014	58,803	66,087	124,890				

- 1(d)(ii)** Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on

State also the number of shares that may be issued on conversion of all the outstanding convertibles as 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 is no change in the Company's share capital for the period from 1 January 2014 to 30 September 2014.

There are 44,725,994 outstanding convertibles as at 30 September 2014 and 30 September 2013 which entitle the holders to subscribe for new ordinary shares at the exercise price of S\$0.70 each.

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 immediate preceding year

The Company did not hold any treasury shares as at 30 September 2014 and 31 December 2013.

The total number of issued ordinary shares (excluding treasury shares) as at 30 September 2014 and 31 December 2013 is 268,615,194.

The Company did not issue any preference shares as at 30 September 2014 and 31 December 2013.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 30 September 2014.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2013, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014.

Financial Reporting Standards ("FRS") which became effective for the Group's financial period beginning 1 January 2014 are:

FRS 27 Separate Financial Statements
FRS 28 Investments in Associates and Joint Ventures
FRS 110 Consolidated Financial Statements
FRS 111 Joint Arrangements
FRS 112 Disclosure of Interest in Other Entities
FRS 32 Offsetting Financial Assets and Financial Liabilities
FRS 110, FRS 111 and FRS 112 Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities
FRS 110, FRS 112 and FRS 27 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities
FRS 36 Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets
FRS 39 Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting
– Improvements to FRSs (January 2014)
FRS 19 Amendments to FRS 19: Defined Benefit Plans: Employee Contributions
– Improvements to FRSs (February 2014)
INT FRS 121 Levies

Except for FRS 111 and Revised FRS 28 and FRS 112, the adoption of the other standards above have no material impact on the financial statements. The nature of the changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described in paragraph 5 below.

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

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

Management has assessed the impact of the above change in accounting standards on the Group's financials, and as a result, equity accounting for the Company's 3 joint venture companies (Buildhome Pte. Ltd. – 50%, Canberra Development Pte Ltd – 50% and Phileap Pte. Ltd. – 25%) has been applied in accordance with FRS 111 and the revised FRS 28. The change has been applied retrospectively, and accordingly, the financials as at 31 December 2013 have been re-stated.

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it has no impact to the financial position and financial performance.

The effects on the Financial Statements for the adoption of the Amendments to FRS 111 are as follows:

(Decrease)/increase in:

Group Balance Sheet

	Group 31/12/2013 \$'000
Non-Current Assets	
Fixed assets	(2)
Investment properties	(126,202)
Associated companies and joint venture companies	89,240
Deferred tax assets	(54)
	(37,018)
Current assets	
Development properties	(105,533)
Trade receivables	(3,522)
Other receivables	(10)
Prepayments	(415)
Fixed deposits	(3,463)
Cash and bank balances	(1,971)
	(114,914)
Current Liabilities	
Trade payables	(3,529)
Other payables and accruals	(2,068)
Short-term bank loans	(12,000)
Bank term loans	(65,895)
Income tax payable	(539)
	(84,031)
Net current assets	(30,883)
Non-current liabilities	
Other payables and accruals	(400)
Bank term loans	(67,501)
	67,901
Net assets	-

Consolidated Statement of Comprehensive Income

	9 months ended 30 September 2013 \$'000
(Decrease) / Increase in:	
Revenue	(35,151)
Cost of sales	(27,792)
Other operating income	1,556
Personnel expenses	(100)
Depreciation of fixed assets	(2)
Other operating expenses	(2,344)
Financial expenses	(1,788)
Financial income	(10)
Share of profits of associated companies	1,195
Profit before tax from operations	(384)
Income tax expense	(384)
Profit for the period, net of tax	-

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

EARNINGS PER SHARE

	Group					
	3Q2014 Cents	3Q2013 Cents	Decrease %	9 Months Ended 30 September		
				2014 Cents	2013 Cents	Decrease %
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the period						
(a) On a basic basis	0.23	1.31	(82.4)	2.82	5.37	(47.5)
(b) On a fully diluted basis	0.23	1.31	(82.4)	2.82	5.37	(47.5)

Earnings per share for 3Q2014 and 9 months ended 30 September 2014 has been computed based on 268,615,194 ordinary shares in issue as at 30 September 2014.

Earnings per share for 3Q2013 has been computed based on the weighted average of 238,769,000 ordinary shares in issue as at 30 September 2013.

Earnings per share for 9 months ended 30 September 2013 has been computed based on the weighted average of 228,820,000 ordinary shares in issue as at 30 September 2013.

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

	Group		Company	
	30/9/2014 Cents	31/12/2013 Cents	30/9/2014 Cents	31/12/2013 Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	113.36	112.85	46.49	49.08

The above have been computed based on 268,615,194 ordinary shares in issue as at 30 September 2014 and 31 December 2013.

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

Commentary on the Consolidated Income Statements

Turnover comprises rental income from investment properties as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the nine months ended 30 September 2014 ("9M2014") increased by 145.2% to \$29.48 million compared to \$12.02 million for the previous corresponding period ended 30 September 2013 ("9M2013"). This was mainly due to revenue contribution of \$21.45 million from two residential projects, Onze@Tanjong Pagar and the Earlington in London, which was much higher than that recognised from the Britton in London in 9M2013.

Similarly, cost of properties sold in 9M2014 increased by 496.3% over 9M2013 as a result of recognition of cost of development for Onze@Tanjong Pagar and the Earlington in London.

Other operating income decreased by 22.1% to \$2.26 million from \$2.90 million. This was mainly due to absence of dividend income of \$593,000 which was received from an investee company during 9M2013.

Other operating expenses increased by 106.6% to \$7.47 million from \$3.61 million. This was mainly due to sales and marketing expenses of \$2.31 million relating to Onze@Tanjong Pagar and Earlington as well as expenses of \$1.0 million incurred for the \$60.0 million bond issued in second quarter of 2014 .

Finance expenses increased to \$7.72 million in 9M2014 from \$1.45 million in 9M2013. This was mainly due to (i) the \$135 million bond interest expense of \$4.31 million; (ii) interest expense of \$475,000 on loan from associated companies; and (iii) bank loan interest expense of \$1.42 million on a development property in which TOP was received in October 2013.

Finance income rose by 21.5% to \$2.74 million, mainly due to an increase in interest-bearing advances made to associated companies in 9M2014 as compared to 9M2013.

Share of profits from associated companies increased by 116.1% to \$6.99 million. This was mainly attributed to progressive profit recognition of \$4.56 million from The Boutiq and \$2.27 million from Sky Green, both residential projects under the Group's associated companies.

The Group recorded a fair value gain of \$3.0 million on two investment properties, Tampines Mart and The Woodgrove in second quarter of 2014.

Income tax expense decreased by 33.1% to \$717,000 following the decrease in profit from operations.

Taking into account the above factors, the Group recorded a 42.2% decline in net profit after tax to \$7.10 million for 9M2014, compared to \$12.28 million recorded in 9M2013.

Commentary on the Consolidated Balance Sheets

The increase in fixed assets from \$455,000 to \$62.08 million was mainly due to (i) the Group's acquisition of a piece of land for \$6.67 million for hotel development in Brisbane, Australia, in 3Q2014; and (ii) the acquisition and refurbishment costs of Hotel ibis Styles London Kensington (previously known as Enterprise Hotel) in London, United Kingdom, during 9M2014 for \$55.01 million.

Investment properties amounting to \$172.10 million mainly comprised Tampines Mart, The Woodgrove, and the Group's new investment property, Adam House in London, United Kingdom. The increase of \$33.20 million was mainly due to (i) the acquisition of Adam House in 3Q2014; and (ii) the recognition of fair value gain of \$3.0 million in 2Q2014.

The increase in associated companies and joint venture companies from \$186.28 million to \$253.54 million was mainly due to increase in loan to associated companies and the Group's additional investment in Australia, as well as equity accounting of the Group's share of profits of \$6.99 million from associated companies during 9M2014.

The increase in other investments from \$3.05 million to \$8.84 million was mainly due to the Group's additional investment in China through an investee company.

Development properties, amounting to \$212.84 million, consist of residential property projects in various stages of development.

Fixed deposit decreased by \$31.12 million to \$16.0 million as a result of deployment of funds for the Group's investment in United Kingdom and Australia.

Other payables and accruals increased from \$4.73 million to \$6.52 million mainly due to accrued interest on the \$135 million bond.

Total bank term loans increased by \$26.25 million to \$249.8 million as at 30 September 2014 mainly as a result of loan drawdown to fund the acquisition of Hotel ibis Styles London Kensington.

Total amounts due to associated companies increased to \$25.05 million as a result of loans from the Group's associated companies.

In June 2014, the Company issued fixed rate 3 year bond of \$60.0 million at coupon rate of 5.9% per annum as part of its \$300 million multicurrency debt issuance programme. The proceeds will be used for several corporate purposes, including refinancing of borrowings, financing investments and for general working capital.

Commentary on the Cash Flow Statements

Cash and cash equivalents decreased by \$29.8 million during 9M2014. The following were the major movements during the period:

- decrease in development properties of \$11.06 million as a result of revenue recognition following the completion of Earlington in London;
- proceeds from bond issue amounting to \$60.0 million;
- proceeds from bank loans \$25.25 million;
- net cash outflow of \$46.37 million for the acquisition of Woodley Hotels (Kensington) Limited, the owner of Hotel ibis Styles London Kensington;
- net cash outflow of \$26.84 million for the acquisition of Adam House;
- net cash outflow of \$4.20 million for the acquisition of a hotel site in Brisbane, Australia;
- renovation cost of \$4.84 million for Hotel ibis Styles London Kensington;
- loans of \$5.79 million and \$30.95 million to investee company and associated companies respectively; and
- final and interim dividend payment for FY2013 and FY2014 of \$4.84 million.

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

The actual results for the third quarter and nine months ended 30 September 2014 of the Group are in line with the statement made in paragraph 10 of the results announcement for the half year ended 30 June 2014.

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

With numerous cooling measures imposed by the Singapore Government and with the last being TDSR in June 2013, prices of local property have been negatively impacted and continued to fall. According to URA latest statistic published on 24 October 2014, prices of private residential properties decreased by 0.7% in 3rd Quarter 2014, following the 1.0% decline in the previous quarter. This was the fourth straight quarter of price decline. In addition, developers sold 1,531 private residential units in 3rd Quarter 2014, significantly lower than the 2,665 units sold in 2nd Quarter 2014.

The Group expects that the property market in Singapore will continue to remain soft in the short term and will monitor the market closely for the most appropriate time to launch and also re-launch its development projects and also continue to explore further opportunities. The Group remains positive on the longer-term outlook for the Singapore property market.

The Group is expanding its hospitality business in the overseas market following the acquisition in 1Q2014 of Hotel ibis Styles London Kensington in London, United Kingdom. The Group had also invested in residential and hotel sites in Brisbane, Australia during 3Q2014 and believe this will bring long term benefits to the Group.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

No.

(d) Books closure date

No.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the nine months ended 30 September 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Toh Giap Eng
CEO & Managing Director
10 November 2014

Low Yee Khim
COO & Executive Director