

OLIVE TREE ESTATES LIMITED



(Incorporated in Singapore on 30 July 2007)
(Registration Number: 200713878D)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	1st quarter ended		Increase / (Decrease) %
		31-03-19 S\$'000 Unaudited	31-03-18 S\$'000 Unaudited	
Revenue		298	268	11.2
Cost of sales		-	-	N.M.
Gross profit		298	268	11.2
Administrative expenses		(483)	(533)	(9.4)
Finance expenses		(105)	(165)	(36.4)
Other income		24	134	(82.1)
(Loss)/profit before income tax		(266)	(296)	(10.1)
Income tax expense		-	-	N.M.
Total comprehensive loss representing net loss attributable to equity holders of the Company		(266)	(296)	(10.1)
(Loss)/earnings per share attributable to equity holders of the Company				
- Basic and diluted (Cents)		(0.39)	(0.43)	

N.M. – Not Meaningful

(a)(ii) Notes to Consolidated Statement of Comprehensive Income

The Group's loss before income tax is determined after crediting / (charging) the following:

	1 st quarter ended		% Increase/ (Decrease)
	31-03-19	31-03-18	
	S\$'000	S\$'000	
	Unaudited	Unaudited	
Depreciation	151	151	-
Interest expense	105	115	(0.6)

(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.

	Group		Company	
	31-03-19	31-12-18	31-03-19	31-12-18
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Current Assets				
Cash and bank balances	7,211	7,021	1,098	776
Trade and other receivables	627	506	288	114
Development properties	3,761	3,761	-	-
	<u>11,599</u>	<u>11,288</u>	<u>1,386</u>	<u>890</u>
Non-current Assets				
Trade and other receivables	-	-	267	264
Investment in subsidiaries	-	-	20,219	20,219
Investment properties	11,412	11,563	-	-
Property, plant and equipment	6	6	6	6
	<u>11,418</u>	<u>11,569</u>	<u>20,492</u>	<u>20,489</u>
Total Assets	<u>23,017</u>	<u>22,857</u>	<u>21,878</u>	<u>21,379</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	1,335	848	14,838	14,206
Borrowings	3,325	3,325	-	-
Current income tax liabilities	58	119	-	-
	<u>4,718</u>	<u>4,292</u>	<u>14,838</u>	<u>14,206</u>
Non-current Liabilities				
Borrowings	8,520	8,520	-	-
	<u>8,520</u>	<u>8,520</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,238</u>	<u>12,812</u>	<u>14,838</u>	<u>14,206</u>
NET ASSETS	<u>9,779</u>	<u>10,045</u>	<u>7,040</u>	<u>7,173</u>
EQUITY				
Share capital	7,946	7,946	56,342	56,342
Treasury shares	-	-	(23)	(23)
Reverse acquisition reserve	(10,597)	(10,597)	-	-
Retained profits / (accumulated losses)	12,430	12,696	(49,279)	(49,146)
TOTAL EQUITY	<u>9,779</u>	<u>10,045</u>	<u>7,040</u>	<u>7,173</u>

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

Amount repayable in one year or less, or on demand

As at 31 March 2019		As at 31 December 2018	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
3,325	-	3,325	-

Amount repayable after one year

As at 31 March 2019		As at 31 December 2018	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
8,520	-	8,520	-

Details of any collateral

The loans and borrowings are secured by the following:

1. First legal mortgage over property at 1 Commonwealth Lane #01-07 / #01-08 / #01-09 / #01-10 / #01-11 / #01-12 / #01-13 / #01-14 / #01-15 / #01-17 / #01-18 / #01-19 / #01-20, Singapore 149544.
2. First Legal Mortgage over property at 421 Tagore Industrial Ave #01-02 / #01-09 / #01-10 / #01-12, Singapore 787805
3. First legal charge over rental proceeds account and operating account maintained with the bank.
4. First legal charge over debt service reserve account ("DSRA") and operating account maintained with the bank.
5. Legal assignment of all rights, titles and interests in the contract, insurance, bonds, and sales proceeds in respect of the property.
6. Legal assignment of rental proceeds and rental deposits derived from the Property tenancy and all rights, titles and interests in the contract, insurance, bonds and 3-year rental support with respect to the borrower's (WBH Investment Pte. Ltd) owned units at 1 Commonwealth Lane (at S\$6 psf provided by the Company's controlling shareholder).
7. Corporate guarantee from Olive Tree Estates Limited for 100% of the facilities

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

	1st quarter ended	
	31-03-19 S\$'000 Unaudited	31-03-18 S\$'000 Unaudited
Cash flows from operating activities		
Net loss	(266)	(296)
Adjustments for:		
Depreciation	151	151
Interest expense	105	115
Income tax expense	-	-
	<u>(10)</u>	<u>(30)</u>
Changes in working capital		
Trade and other receivables	(121)	(17)
Development properties	-	(45)
Trade and other payables	486	(16,793)
Cash generated from/(used in) operations	<u>355</u>	<u>(16,885)</u>
Income tax paid	(60)	(37)
Net cash provided/(used in) operating activities	<u>295</u>	<u>(16,922)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(5)
Net cash used in investing activities	<u>-</u>	<u>(5)</u>
Cash flows from financing activities		
Interest paid	(105)	(115)
Net cash used in financing activities	<u>(105)</u>	<u>(115)</u>
Net increase/(decrease) in cash and bank balances	190	(17,042)
Cash and bank balances at beginning of financial period	7,021	25,720
Cash and bank balances at end of financial period	<u>7,211</u>	<u>8,678</u>

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.

	Share capital	Reverse acquisition reserve	Retained profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Group 2019				
As at 1 January 2019	7,946	(10,597)	12,696	10,045
Total comprehensive loss for the period	-	-	(266)	(266)
As at 31 March 2019	<u>7,946</u>	<u>(10,597)</u>	<u>12,430</u>	<u>9,779</u>
Group 2018				
As at 1 January 2018	7,946	(10,597)	13,211	10,560
Total comprehensive income for the period	-	-	(296)	(296)
As at 31 March 2018	<u>7,946</u>	<u>(10,597)</u>	<u>12,915</u>	<u>10,264</u>

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company 2019				
As at 1 January 2019	56,342	(23)	(49,146)	7,173
Total comprehensive loss for the period	-	-	(133)	(133)
As at 31 March 2019	56,342	(23)	(49,279)	7,040

Company 2018

As at 1 January 2018	56,342	(23)	(48,705)	7,614
Total comprehensive loss for the period	-	-	(126)	(126)
As at 31 March 2018	56,342	(23)	(48,831)	7,488

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, as well as the number of shares held as treasury shares, 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.

	Number of shares	Issued and paid-up share capital S\$
Total issued share capital excluding treasury shares as at 31 March 2019 and 31 December 2018	68,847,711	56,342,018

The Company has no 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 are 2,500 shares held as treasury shares by the Company 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 and no subsidiary holdings 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.

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 31 March 2019	As at 31 December 2018
Total number of issued shares excluding treasury shares	68,847,711	68,847,711

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

There are no sales, transfers, cancellation and/or use of treasury shares as at 31 March 2019.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. The Company did not have subsidiary holdings during and as at 31 March 2019.

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

The figures have not been audited nor reviewed by the Company's independent auditor.

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

Not applicable.

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

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as those applied for the most recently audited consolidated financial statements for the financial year ended 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 the effect, of the change.

Not applicable.

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

	1st quarter ended	
	31/03/2019	31/03/2018
	Unaudited	Unaudited
Net loss attributable to equity holders of the Company (S\$'000)	(266)	(296)
Weighted average number of ordinary shares in issue	68,847,711	68,847,711
Basic loss per share ("LPS") (S\$)	(0.39)	(0.43)
Fully dilutive LPS basis (S\$)	(0.39)	(0.43)

Note:

For the 1st quarter ended 31 March 2019 and 31 March 2018, the basic and diluted loss per share of the Group were the same as there were no potential dilutive ordinary shares outstanding as at 31 March 2019 and 31 March 2018.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

Net asset value (“NAV”)

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
NAV per ordinary share ⁽¹⁾ (Cents)	14.20	14.59	10.23	10.42

Note:

(1) NAV per ordinary share as at 31 March 2019 and 31 December 2018 was calculated based on the number of ordinary shares excluding treasury shares as at the end of the financial year. As at 31 March 2019, the number of ordinary shares (excluding treasury shares) was 68,847,711 (As at 31/12/2018: 68,847,711).

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:-**
 - 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
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of income statement of the Group for the first Quarter ended 31 Mar 2019 (“1Q2019”) as compared to the first Quarter ended 31 Mar 2018 (1Q2018”).

Revenue

The Group’s revenue for 1Q2019 increased by \$30,000 or 11.2% to S\$0.30 million from \$268,000 in 1Q2018 due to the units in our property investment holding segment being fully leased out. In the absence of sales of development properties in 1Q2019 and 1Q2018, the revenue arose solely from the rental income from our property investment holding segment.

Cost of sales, gross profit

There were no cost of sales for 1Q2019 or 1Q2018 as there were no sales in our property development segment.

Other income

Other income decreased by 82.1% or \$110,000 from \$134,000 in 1Q2018 to \$24,000 in 1Q2019. Other income for 1Q2019 was due to the reversal of long outstanding payables. Other income for 1Q2018 amounting \$134,000 comprises:

- Rental support income from the Company’s controlling shareholder pursuant to the rental support agreement for 3 years from the date of the reverse takeover in December 2017 amounting to \$31,000.
- Discounts received from various professional parties amounting to \$25,000.
- Reversal of development costs over-provided amounting to \$45,000.
- Forfeiture of rental deposit amounting to \$27,000 and miscellaneous income of \$6,000.

General and administrative expenses

Administrative expenses for 1Q2019 decreased by 9.4% or \$50,000, from \$533,000 in 1Q2018 to \$483,000 in 1Q2019. The decrease was primarily due to reduction in compliance related costs of \$44,000 and legal and professional fees of \$31,000, offset by an increase in staff related costs of \$25,000.

Finance expenses

Finance expenses decreased by 36.4% or \$59,000 from \$165,000 in 1Q2018 to \$105,000 in 1Q2019. The decrease was due to reduction in bank facility fee of \$50,000 and interest expense of \$10,000. The bank facility fee in 1Q2018 was due to initial drawdown of the bank loans in 1Q2018. The lower interest expense in 1Q2019 was due to partial repayment of bank loan in 4Q2018.

Loss before income tax

In 1Q2019, the Group recorded a loss before income tax of \$266,000, as compared to a loss before income tax of \$296,000 in 1Q2018.

Income tax expense

There was no income tax expense for 1Q2019 or 1Q2018 as the Company and its subsidiary corporations were in a loss position.

Net loss

As a result of the above, the Group incurred a net loss after tax of \$266,000 in 1Q2019 as compared to a net loss after tax of \$296,000 in 1Q2018.

Review of financial position of the Group as at 31 March 2019

Current assets

As at 31 March 2019, our total current assets consisted mainly of cash and bank balances, trade and other receivables, and development properties.

Trade and other receivables increased by \$121,000 from \$506,000 as at 31 December 2018 to \$627,000 as at 31 March 2019. This was due to the increase in prepayments and deposits amounting to \$280,000, offset by a decrease in trade receivables amounting to \$152,000 and GST input tax amounting to \$7,000.

There were no changes in development properties held for sale.

Non-current assets

Non-current assets refer to investment properties and property, plant and equipment. Investment properties decreased from of \$11.56 million as at 31 December 2018 to \$11.41 million as at 31 March 2019 due to depreciation charged for the period.

Current liabilities

Current liabilities comprised trade and other payables, borrowings, and income tax payable.

Trade and other payables increased to \$1.34 million as at 31 March 2019 from \$848,000 as at 31 December 2018. The increase of \$487,000 was primarily due to sponsorship amounting to \$673,000, offset by decreases in GST output tax amounting to \$159,000, other payables amounting to \$22,000 and accruals amounting to \$5,000. The sponsorship was made by an unrelated company to support the social impact initiatives of the Group.

Borrowings as at 31 March 2019 remained the same as at 31 December 2018 at \$3.33 million.

Current income tax liabilities decreased by \$61,000 from \$119,000 as at 31 December 2018 to \$58,000 as at 31 March 2019 due to payment of tax during the period.

Non-current liabilities

Non-current liabilities comprise bank borrowings amounting to \$8.52 million as at 31 March 2019 and 31 December 2018.

Total shareholders' equity

Total shareholders' equity as at 31 March 2019 amounted to \$9.78 million and comprised mainly share capital of \$7.95 million, reverse acquisition reserve with a debit balance of \$10.60 million and retained profit of \$12.43 million.

Share capital as at 31 March 2019 and 31 December 2018 was \$7.95 million.

Reverse acquisition reserve as at 31 March 2019 and 31 December 2018 was \$10.60 million.

Retained profits reduced by \$266,000 from \$12.70 million as at 31 December 2018 to S\$12.43 million as at 31 March 2019 due to net loss for the period.

Review of cash flow statement for 1Q2019

For 1Q2019, the Group's net cash inflow from operating activities amounted to \$295,000 arising mainly from the positive working capital of \$355,000 as contributed by sponsorship received.

For 1Q2019, there were no cash flow from investing activities.

For 1Q2019, the Group's cash outflow from financing activities amounting to \$105,000 was due to payment for bank loan interest.

For 1Q2019, the Group had a net cash inflow of \$190,000.

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

Not applicable.

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.

The global macroeconomic environment remains cautious and is likely to be uncertain as a result of the re-escalation of trade tensions between the US and China.

Population growth, rapid urbanisation and growing affluence in emerging markets are expected to drive demand for residential real estate. Despite the trend of government intervention in the form of property cooling measures and restrictions on speculation, there is still strong underlying demand for affordable and quality residential property from both end-user buyers and investors.

The Company will remain nimble and continues to actively assess opportunities originated by our stakeholders and network of business associates to principally offer affordable housing solutions in emerging markets which transform lives and maximize positive impact to local communities. To this end, the Company continues to source potential development projects in countries such as Vietnam, Indonesia, Cambodia and Thailand to add to its project development pipeline.

The Company is also seeking to expand its business by entering into joint ventures and/or strategic alliances with reputable and like-minded local partners and specialists whose competencies and unique skill sets are able to enhance the Company's ability to be a positive force for change through the provision of affordable quality housing as the bedrock of our social impact solution which embeds localized, customized and contextualized community development elements, social services and amenities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No. The Company will conserve its cash for the development of the business.

(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

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect, and the reason(s) for the decision.

No dividend has been declared or recommended for the first quarter ended 31 March 2019, as the Company intends to reserve its cash for its investment.

13. Interested person transactions

There were no interested person transactions of more than S\$100,000 entered for 1Q2019 and 1Q2018. The Group is not required to have a general mandate from shareholders for IPTs under Rule 920(1)(a)(ii).

14. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

We, Daniel Ee Hock Huat and Daniel Long Chee Tim, being two Directors of Olive Tree Estates Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the 1st quarter ended 31 March 2019 to be false or misleading in any material respect.

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

**BY ORDER OF THE BOARD
Olive Tree Estates Limited**

Daniel Cuthbert Ee Hock Huat
Non-Executive Independent Chairman

Daniel Long Chee Tim
Chief Executive Officer and Executive Director

14 May 2019

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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 correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are: -

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