



HEETON HOLDINGS LIMITED
Incorporated in the Republic of Singapore
(Company Registration Number: 197601387M)

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Financial Statements
For the six months ended 30 June 2024

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Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of comprehensive income For the six months ended 30 June 2024

	Note	Group		Increase / (Decrease) %
		6 months ended 30 June 2024 "HY2024"	6 months ended 30 June 2023 "HY2023"	
		S'000	S\$'000	
Revenue	4	37,107	30,699	20.9
Other operating income		1,249	1,190	5.0
Personnel expenses		(11,481)	(10,383)	10.6
Depreciation of property, plant and equipment	6	(2,916)	(2,386)	22.2
Other operating expenses		(14,717)	(14,017)	5.0
Profit from operations		9,242	5,103	81.1
Finance expenses	6	(14,061)	(12,475)	12.7
Finance income	6	788	2,046	(61.5)
Fair value gains on derivative financial instruments		94	37	154.1
Impairment on investment in associated company		-	(1,660)	(100.0)
(Impairment)/Reversal of impairment on financial assets		(1,020)	756	n.m
Share of results of associated companies/joint venture companies		165	(1,022)	n.m
Gain from fair value adjustments of investment properties		-	2,000	(100.0)
Loss before tax		(4,792)	(5,215)	(8.1)
Income tax expense	7	(729)	(426)	71.1
Loss for the period, net of tax		(5,521)	(5,641)	(2.1)
Other comprehensive income				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation		833	4,050	(79.4)
Other comprehensive income for the period, net of tax		833	4,050	(79.4)
Total comprehensive loss for the period		(4,688)	(1,591)	194.7
Loss attributable to:				
Owners of the Company		(5,227)	(4,380)	19.3
Non-controlling interests		(294)	(1,261)	(76.7)
		(5,521)	(5,641)	(2.1)
Total comprehensive loss attributable to:				
Owners of the Company		(3,320)	2,338	n.m
Non-controlling interests		(1,368)	(3,929)	(65.2)
		(4,688)	(1,591)	194.7

n.m. : not meaningful

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

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Balance Sheets As at 30 June 2024

	Note	Group		Company	
		30/6/2024	31/12/2023	30/6/2024	31/12/2023
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	384,159	401,913	325	371
Investment properties	10	223,500	222,882	-	-
Subsidiaries		-	-	41,237	41,237
Associated companies		16,057	16,570	-	-
Joint venture companies		93,941	93,306	5,000	5,000
Investment securities		4,629	4,629	-	-
Amounts due from associated companies and joint venture companies		53,609	59,535	-	-
Derivative financial instruments	8	-	107	-	107
Intangible assets		109	109	-	-
Other receivables	13	13,048	12,871	-	-
Deferred tax asset		1,703	1,557	-	-
		790,755	813,479	46,562	46,715
Current assets					
Development properties		20,063	19,188	-	-
Asset held for sale	16	22,064	-	-	-
Trade receivables		1,952	1,054	-	-
Other receivables	13	55,631	56,781	21,265	22,210
Prepayments		3,078	2,621	751	877
Amounts due from subsidiaries (non-trade)		-	-	286,774	277,420
Amounts due from related parties (trade)		42	65	1	1
Amounts due from associated companies and joint venture companies		7,718	4,683	3,336	2,205
Derivative financial instruments	8	102	89	102	89
Treasury Bills		5,425	10,586	5,425	10,586
Fixed deposits		13,820	23,371	11,988	22,506
Cash and bank balances		58,806	40,707	11,964	7,946
		188,701	159,145	341,606	343,840
Current liabilities					
Trade payables		2,857	3,572	281	1,607
Other payables and accruals		20,732	18,648	1,456	1,125
Amounts due to subsidiaries (non-trade)		-	-	185,969	189,206
Lease liabilities		43	78	39	39
Bank term loans	11	139,063	100,338	1,176	1,176
Income tax payable		6,143	5,474	-	88
		168,838	128,110	188,921	193,241
Net current assets		19,863	31,035	152,685	150,599
Non-current liabilities					
Other payables and accruals		1,434	1,553	-	-
Lease liabilities		6,525	6,334	117	137
Amounts due to associated companies and joint venture companies		45,618	46,147	37,826	37,135
Amounts due to non-controlling interests (non-trade)		72,913	69,142	-	-
Bonds	12	53,800	53,800	53,800	53,800
Bank term loans	11	215,768	247,303	131	770
Deferred tax liabilities		2,974	2,133	154	154
		399,032	426,412	92,028	91,996
Net assets		411,586	418,102	107,219	105,318
Share capital and reserves					
Share capital	14	86,624	86,624	86,624	86,624
Treasury Shares	15	(63)	(63)	(63)	(63)
Foreign currency translation reserve		(13,631)	(15,538)	-	-
Retained earnings		346,871	353,926	20,658	18,757
		419,801	424,949	107,219	105,318
Non-controlling interests		(8,215)	(6,847)	-	-
Total equity		411,586	418,102	107,219	105,318

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

Condensed interim consolidated statement of changes in equity
For the six months ended 30 June 2024

Group	Attributable to equity holders of the Company						
	Share Capital S\$'000 (Note 14)	Treasury Shares S\$'000 (Note 15)	Foreign Currency Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Balance at 1 January 2023	86,624	-	(19,227)	358,935	426,332	(2,051)	424,281
Loss for the period	-	-	-	(4,380)	(4,380)	(1,261)	(5,641)
Other comprehensive income/(loss)							
- Foreign currency translation	-	-	6,718	-	6,718	(2,668)	4,050
Total comprehensive income/(loss) for the period	-	-	6,718	(4,380)	2,338	(3,929)	(1,591)
Treasury shares	-	(63)	-	-	(63)	-	(63)
Dividend on ordinary shares	-	-	-	(1,829)	(1,829)	-	(1,829)
Balance at 30 June 2023	86,624	(63)	(12,509)	352,726	426,778	(5,980)	420,798
Balance at 1 January 2024	86,624	(63)	(15,538)	353,926	424,949	(6,847)	418,102
Loss for the period	-	-	-	(5,227)	(5,227)	(294)	(5,521)
- Foreign currency translation	-	-	1,907	-	1,907	(1,074)	833
Total comprehensive income/(loss) for the period	-	-	1,907	(5,227)	(3,320)	(1,368)	(4,688)
Dividend on ordinary shares	-	-	-	(1,828)	(1,828)	-	(1,828)
Balance at 30 June 2024	86,624	(63)	(13,631)	346,871	419,801	(8,215)	411,586
Company	Share Capital S\$'000 (Note 14)	Treasury shares S\$'000 (Note 15)	Retained Earnings S\$'000	Total Equity S\$'000			
Balance at 1 January 2023	86,624	-	16,913	103,537			
Total comprehensive income for the period	-	-	7,454	7,454			
Treasury Shares	-	(63)	-	(63)			
Dividends on ordinary shares	-	-	(1,829)	(1,829)			
Balance at 30 June 2023	86,624	(63)	22,538	109,099			
Balance at 1 January 2024	86,624	(63)	18,757	105,318			
Total comprehensive income for the period	-	-	3,729	3,729			
Dividend on ordinary shares	-	-	(1,828)	(1,828)			
Balance at 30 June 2024	86,624	(63)	20,658	107,219			

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

Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of cash flows For the six months ended 30 June 2024

	Group	
	HY2024 \$'000	HY2023 \$'000
Cash flows generated from operating activities		
Loss before tax	(4,792)	(5,215)
Adjustments for:		
Depreciation of property, plant and equipment	2,916	2,386
Fair value gains on derivatives financial instruments	(94)	(37)
Gain from fair value adjustments of investment properties	-	(2,000)
Impairment/(Reversal of impairment) on financial assets	1,020	(756)
Share of results of associated companies/joint venture companies	(165)	1,022
Interest expense	14,061	12,475
Interest income	(788)	(2,046)
Unrealised exchange differences	(75)	(1,279)
Operating cash flows before changes in working capital	12,083	6,210
Increase in development property	(409)	(369)
(Increase)/decrease in trade receivables	(804)	410
Decrease/(increase) in other receivables	940	(906)
Increase in prepayments	(420)	(1,650)
(Decrease)increase in trade payables	(682)	481
Increase/(decrease) in other payables and accruals	1,725	(408)
Increase in amounts due from related parties	22	13
Cash flows from operations	12,455	3,781
Interest received	788	2,046
Interest paid, excluding amounts capitalised	(14,061)	(12,475)
Income taxes paid	(31)	(1,486)
Net cash flows used in operating activities	(849)	(8,134)
Cash flows from investing activities		
Additions to property, plant and equipment	(3,627)	(19,686)
Dividend income from associated companies and joint venture companies	800	-
Net repayment of loan from associated companies and joint venture companies	586	34,555
Proceeds on maturity of treasury bills	5,161	-
Net cash from investing activities	2,920	14,869
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(160)	(13)
Proceeds from bank loans	12,071	14,443
Repayment of bank loans	(7,013)	(4,055)
Loan from non-controlling interests	2,689	2,970
Proceeds from bond issue	-	11,239
Purchase of treasury shares	-	(63)
Dividends paid on ordinary shares of the Company	(1,828)	(1,829)
Net cash generated from financing activities	5,759	22,692
Net increase in cash and cash equivalents	7,830	29,427
Effect of exchange rate changes on cash and cash equivalents	718	1,099
Cash and cash equivalents at beginning of period	62,323	59,791
Cash and cash equivalents at end of period	70,871	90,317

Note: Cash and cash equivalents

	Group	
	HY2024 \$'000	HY2023 \$'000
Fixed deposits	13,820	45,352
Cash and bank balances	58,806	44,965
Cash and cash equivalents per balance sheet	72,626	90,317
Restricted cash - fixed deposits pledge for bank facility	(1,755)	-
Cash and cash equivalents at end of period	70,871	90,317

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

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

1. Corporate information

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The registered office and principal place of business is located at 60 Paya Lebar Road, #08-36, Paya Lebar Square, Singapore 409051.

These condensed interim consolidated financial statements as at and for the half year ended 30 June 2024 comprised the Company and its subsidiaries (collectively, the Group). The Company's and the Group's principal activities are in property development, hotel operations and investment holding.

2. Basis of preparation

The unaudited condensed interim consolidated financial statements of the Group and the statement of changes in equity and balance sheet of the Company have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standard Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The condensed interim financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The condensed interim financial statements are presented in Singapore dollars (Dollars ("SGD" or "\$") and all values in the tables are recorded to the nearest thousand ("'\$000") except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group has applied the same accounting policies and methods of computation consistent with those used in the audited financial statements for the financial year ended 31 December 2023 in the preparation of the consolidated financial statements for the current reporting period except for the adoption of revised SFRS(I) (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2024. The adoption of these revised SFRS(I) and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

2.2 Use of judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The critical accounting estimates and key judgement areas of the Group are outlined in further detail in the following sections of this financial report:

- Property, plant and equipment (Note 9)
- Determination of fair value of investment properties (Note 10)

2. Basis of preparation (cont'd)

2.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists, where necessary, to determine fair value as at 30 June 2024 for investment properties that are likely to differ materially from the fair values recognised at the end of the previous financial year. The two valuation techniques adopted were the Market Comparable Approach Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return.

The independent valuers have considered the global economic uncertainty as a result of heightened macro-economic, geopolitical and supply chain risks and have made necessary adjustments to the valuation. The valuation reports also highlighted that given the ongoing geo-political headwinds, economic uncertainty and rising interest costs, these may have impact on the economy and property market.

(b) Impairment assessment of property, plant and equipment

An impairment exists when the carrying value of property, plant and equipment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses whether there are trigger events indicating potential impairment at each reporting date. Where applicable, the Group considers independent valuation reports of valuation specialists to support the recoverable amounts of certain property, plant and equipment. The fair values are determined by external specialists using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions.

Certain valuation reports obtained from the external specialist also highlighted the global economic uncertainty as a result of heightened macro-economic, geopolitical and supply chain risks and have made necessary adjustments. The valuation reports also highlighted that given the ongoing geo-political headwinds, economic uncertainty and rising energy and interest costs, these may have impact on the economy and property market.

2. Basis of preparation (cont'd)

2.3 Key sources of estimation uncertainty (cont'd)

(c) Impairment assessment of interest in associates and joint ventures

The Group has significant interests in associates and joint ventures. The Group's interests in associates and joint ventures comprise the investments and amounts due from associates and joint ventures. The associates and joint ventures of the Group are mainly involved in the business of property development. The Group assesses at the end of each reporting period whether there is any objective evidence that the interest is impaired.

The Group applies the general approach to provide for ECLs on amounts due from associates and joint ventures carried at amortised cost. At each reporting date, the Group assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When initial credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The assessment of whether credit risk of a financial asset has increased significantly since initial recognition is a significant estimate. Credit risk assessment is based on both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

(d) Impairment assessment of other receivables

The Group has other receivables from companies whom are mainly involved in the business of property development. The Group assesses at the end of each reporting period whether there is any objective evidence that the receivables is impaired.

The recoverability of the receivables is dependent on the financial position, performance and cashflows of the debtors, the valuation, estimated selling price and estimated costs to complete (where applicable) of the underlying assets held by them and the debtors' ability to repay via realisation of these underlying assets held. Annually, management conducts an assessment to determine whether any indicator of impairment exists.

The carrying amounts of the Group's interests in other receivables are disclosed in Note 13 to the interim financial statements.

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Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.
- II. The property development segment is involved in the development and sale of private residential properties.
- III. The corporate segment is involved in Group-level corporate services and treasury functions.
- IV. The hospitality segment is involved in hotel operations and related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Group	
	HY2024	HY2023
	\$'000	\$'000
Revenue from contracts with customers	30,321	24,662
Rental income from investment properties	6,081	5,447
Other rental income	705	590
	37,107	30,699
	37,107	30,699

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

4. Segment and revenue information (cont'd)

(a) Reportable segments

<u>Year ended 30 June 2024</u>	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	6,081	-	303	30,723	-	37,107
Intersegment revenue	410	-	3,593	4,698	(8,701)	-
Total revenue	<u>6,491</u>	<u>-</u>	<u>3,896</u>	<u>35,421</u>	<u>(8,701)</u>	<u>37,107</u>
Results:						
Finance income	-	-	15,361	-	(14,573)	788
Finance expense	(3,209)	-	(14,871)	(10,156)	14,175	(14,061)
Fair value gains on derivative financial instruments	-	-	94	-	-	94
Depreciation of property, plant and equipment	(19)	-	(156)	(2,741)	-	(2,916)
Impairment on financial assets	-	-	-	1,020	-	1,020
Share of results of associated companies/joint venture companies	648	(323)	17	(177)	-	165
Segment profit/(loss) before tax	<u>2,009</u>	<u>(327)</u>	<u>(4,874)</u>	<u>(1,202)</u>	<u>(398)</u>	<u>(4,792)</u>
Assets:						
Investment in associated companies and joint venture companies	92,946	1,119	-	15,933	-	109,998
Additions to non-current assets	68	-	205	3,354	-	3,627
Segment assets	<u>269,455</u>	<u>45,725</u>	<u>1,078,859</u>	<u>558,229</u>	<u>(972,812)</u>	<u>979,456</u>
Segment liabilities	<u>169,902</u>	<u>38,798</u>	<u>999,837</u>	<u>312,402</u>	<u>(953,069)</u>	<u>567,870</u>

Heeton Holdings Limited and its Subsidiaries

**Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2024**

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

<u>Six months ended 30 June 2023</u>	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	5,429	-	345	24,925	-	30,699
Inter-segment revenue	397	-	2,866	4,338	(7,601)	-
Total revenue	<u>5,826</u>	<u>-</u>	<u>3,211</u>	<u>29,263</u>	<u>(7,601)</u>	<u>30,699</u>
Results:						
Finance income	-	-	16,224	-	(14,178)	2,046
Finance expense	(3,087)	-	(14,866)	(8,600)	14,078	(12,475)
Fair value gains on derivative financial instruments	-	-	37	-	-	37
Gain from fair value adjustment of investment properties	2,000	-	-	-	-	2,000
Depreciation of property, plant and equipment	(10)	-	(119)	(2,257)	-	(2,386)
Impairment on investment in associated company	-	-	-	(1,660)	-	(1,660)
Reversal of impairment on financial assets	-	-	-	756	-	756
Share of results of associated companies/joint venture companies	124	(482)	17	(681)	-	(1,022)
Segment profit/(loss) before tax	<u>2,668</u>	<u>(1,005)</u>	<u>(4,496)</u>	<u>(2,482)</u>	<u>100</u>	<u>(5,215)</u>
Assets:						
Investment in associated companies and joint venture companies	92,840	3,260	-	17,353	-	113,453
Additions to non-current assets	-	-	107	19,579	-	19,686
Segment assets	<u>242,771</u>	<u>59,678</u>	<u>1,100,522</u>	<u>569,514</u>	<u>(975,250)</u>	<u>997,235</u>
Segment liabilities	<u>167,564</u>	<u>26,325</u>	<u>1,012,845</u>	<u>305,765</u>	<u>(936,062)</u>	<u>576,437</u>

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2024

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue from contracts with customers

Segments	Hospitality		Corporate		Total Revenue	
	HY2024 \$'000	HY2023 \$'000	HY2024 \$'000	HY2023 \$'000	HY2024 \$'000	HY2023 \$'000
Primary geographical markets						
Singapore	–	–	124	151	124	151
United Kingdom	30,020	24,335	177	176	30,197	24,511
	30,020	24,335	301	327	30,321	24,662
Major product or service line						
Hotel operation income	30,020	24,335	–	–	30,020	24,335
Management fee income	–	–	301	327	301	327
	30,020	24,335	301	327	30,321	24,662
Timing of transfer of goods or services						
At a point in time	30,020	24,335	301	327	30,321	24,662

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023.

	Group		Company	
	30/6/2024	31/12/2023	30/6/2024	31/12/2023
	\$'000	\$'000	\$'000	\$'000
Financial assets measured at amortised cost:				
Amounts due from associated companies and joint venture companies (non-trade)	61,327	64,218	3,336	2,205
Trade receivables	1,952	1,054	–	–
Other receivables	68,679	69,652	21,265	22,210
Amounts due from subsidiaries (non-trade)	–	–	286,774	277,420
Amounts due from related parties (trade)	42	65	1	1
Treasury bills	5,425	10,586	5,425	10,586
Fixed deposits	13,820	23,371	11,988	22,506
Cash and bank balances	58,806	40,707	11,964	7,946
	210,051	209,653	340,753	342,874
Financial liabilities measured at amortised cost:				
<i>Trade and other payables (current)</i>				
Trade payables	2,857	3,572	281	1,607
Other payables and accruals ¹	18,936	16,950	528	1,125
	21,793	20,522	809	2,732
<i>Other payables (non-current)</i>				
Other payables and accruals	1,433	1,553	–	–
Total trade and other payables	23,226	22,075	809	2,732
<i>Loans and borrowings (current)</i>				
Amounts due to subsidiaries (non-trade)	–	–	185,969	189,206
Lease liabilities	43	78	39	39
Bank term loans	139,063	100,338	1,176	1,176
	139,106	100,416	187,184	190,421
<i>Loans and borrowings (non-current)</i>				
Amounts due to associated companies and joint venture companies (non-trade)	45,618	46,147	37,826	37,135
Amounts due to non-controlling interests (non-trade)	72,913	69,142	–	–
Lease liabilities	6,525	6,334	117	137
Bonds	53,800	53,800	53,800	53,800
Bank term loans	215,768	247,303	131	770
Total loans and borrowings	533,730	523,142	279,058	282,263
Total finance liabilities measured at amortised cost	556,956	545,217	279,867	284,995

¹ Excludes non-financial liabilities including advance rental received and provision for interest support.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

5. Financial assets and financial liabilities (cont'd)

	Group		Company	
	30/6/2024	31/12/2023	30/6/2024	31/12/2023
	\$'000	\$'000	\$'000	\$'000
Financial asset at fair value through profit or loss:				
Derivative financial instruments	102	196	102	196

6. Loss before tax

(a) Significant items

	Group	
	HY2024	HY2023
	\$'000	\$'000
Finance income	788	2,046
Finance expenses	(14,061)	(12,475)
Depreciation of property, plant and equipment	(2,916)	(2,386)
Fair value gains on derivative financial instruments	94	37

(b) Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

Sale and purchase of goods and services

The following significant transactions between the Group and Company and their related parties took place during the period at terms agreed between the parties:

	Group		Company	
	HY2024	HY2023	HY2024	HY2023
	\$'000	\$'000	\$'000	\$'000
Income				
Interest income				
- subsidiaries	–	–	5,366	5,563
- associated companies	22	263	–	–
- joint venture companies	–	380	–	–
Management fee income				
- subsidiaries	–	–	213	168
- associated companies	285	108	60	60
- joint venture companies	1,030	1,040	1,000	1,000
Expenses				
Management fee paid to a subsidiary	–	–	720	576
Interest expenses				
- subsidiaries	–	–	4,864	4,688
- joint venture companies	691	272	691	272
Rental paid to a subsidiary	–	–	142	142

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	HY2024	HY2023
	\$'000	\$'000
Current income tax	623	426
Deferred income tax	106	–
Income tax expense recognised in profit or loss	729	426

8. Derivative financial instruments

	Group and Company			
	30/6/2024		31/12/2023	
	Outstanding notional amounts	Assets	Outstanding notional amounts	Assets
	\$'000	\$'000	\$'000	\$'000
Current	34,302	102	50,376	89
Non-current	–	–	33,584	107
Interest rate swaps	34,302	102	83,960	196

The Group and the Company entered into interest rate swaps in Pound Sterling and Singapore Dollars to manage its exposure to interest rate fluctuation on its floating rate loans and borrowings. The interest rate swaps will mature on January 2025.

The Group and the Company has not applied hedge accounting. Fair value gains and losses on interest rate swaps are recognised in profit or loss. The fair values of interest rate swaps shown above are determined by marked-to-market values provided by counterparties. The marked-to-market values obtained are determined by reference to market values for similar instruments.

9. Property, plant and equipment

As at 30 June 2024, the carrying value of property, plant and equipment (collectively, “properties”) mainly relating to the Group’s portfolio of hotel properties amounted to \$383,559,000 and accounted for 39% of the Group’s total assets. These properties are carried at cost less accumulated depreciation and impairment losses and are subject to an impairment assessment to assess if there are any indicators of impairment at each reporting date.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

10. Investment properties

The Group's investment properties are held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

The Group's investment properties as at 30 June 2024 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	68 years
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold

	Group	
	30/6/2024	31/12/2023
	\$'000	\$'000
<i>Cost</i>		
Balance at beginning of period/year	222,882	217,324
Exchange differences	618	1,061
Gain from fair value adjustments recognised in profit or loss during the period/year ended	–	4,497
Balance at end of period/year	223,500	222,882

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

10. Investment properties (cont'd)

Valuation of investment properties

For interim financial reporting purposes, the directors review the carrying values of its investment properties carried at fair value and perform an internal valuation, where no independent valuer is involved. In assessing whether the fair values remained appropriate, the directors consider whether any movement in market data such as discount rate, capitalisation rates, changes in underlying cash flows or sales comparable would result in a material impact to the fair values of the investment properties since the end of the previous financial year. The Group will engage external independent qualified valuer whenever the carrying amounts of the investment properties are likely to differ materially from the fair values recognised at the end of the previous financial year.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the income capitalisation approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input into the income capitalisation valuation approach is the capitalisation rate of 4.70% to 5.5% (31 December 2023: 4.75% to 5.5%) per annum.

An increase in capitalisation rate will result in a decrease to the fair value of the investment property.

11. Bank term loans

The following sets out the aggregate amount of the Group's borrowings as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group		Company	
	30/6/2024	31/12/2023	30/6/2024	31/12/2023
	\$'000	\$'000	\$'000	\$'000
Unsecured	1,307	1,946	1,307	1,946
Secured	353,524	345,695	–	–
	<u>354,831</u>	<u>347,641</u>	<u>1,307</u>	<u>1,946</u>
Repayable:				
- not later than 1 year	139,063	100,338	1,176	1,176
- 1 year through 5 years	215,768	247,303	131	770
	<u>354,831</u>	<u>347,641</u>	<u>1,307</u>	<u>1,946</u>

12. Bonds

The Group had bond issue outstanding as at 30 June 2024 and 31 December 2023 of \$53,800,000 which was unsecured and bore interest at a fixed rate of 7.0% per annum due November 2026.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

13. Other receivables

	Group		Company	
	30/6/2024 \$'000	31/12/2023 \$'000	30/6/2024 \$'000	31/12/2023 \$'000
<i>Non-current portion:</i>				
Other receivables	247	299	-	-
Amount due from investee company	12,801	12,572	-	-
	13,048	12,871	-	-
<i>Current portion:</i>				
Senior notes receivables	4,000	4,000	4,000	4,000
Promissory notes receivables	32,000	32,000	14,000	14,000
Other receivables	40,396	41,546	24,030	24,975
Less: Allowance for expected credit loss	(20,765)	(20,765)	(20,765)	(20,765)
	55,631	56,781	21,265	22,210

Amount due from investee company amounting to \$12,801,000 (FY2023: \$12,572,000) relates to shareholder's loan to an investee company are unsecured, bear interest at 4% (FY2023: 4%) per annum, and are not expected to be repaid within the next 12 months, and are to be settled in cash.

Promissory notes receivables are unsecured, with \$14,000,000 which bear interest at 3.0% per annum and \$18,000,000 which bear interest at 3.5% per annum and are repayable in 2024 (FY2023: \$14,000,000 which bear interest at 3.0% per annum and are repayable in 2024 and \$18,000,000 which bear interest at 3.5% per annum and are repayable in 2024).

Senior notes receivables are unsecured, bear interest at 3% per annum and are repayable in 2024 (FY2023: Unsecured, bear interest at 3% per annum and are repayable in 2024).

Other receivables are unsecured, with \$8,300,000 which bear interest at 3.5% per annum and \$32,096,000 which are non-interest bearing and are repayable within the next 12 months. The non-current other receivables of \$247,000 are unsecured, non-interest bearing and are not expected to be repaid within the next 12 months (FY2023: Other receivables are unsecured, with \$8,300,000 which bear interest at 3.5% per annum and \$33,246,000 which are non-interest bearing and are repayable within the next 12 months. The non-current other receivables of \$299,000 are unsecured, non-interest bearing and are not expected to be repaid within the next 12 months)

Expected credit loss

The expected credit losses relate to receivables from a non-related party undertaking a property development project and assessed based on the estimated realisable value from the development property of this party.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2024

14. Share capital

	Group and Company			
	Number of ordinary shares issued			
	30/6/2024	31/12/2023	30/6/2024	31/12/2023
			\$'000	\$'000
At 1 January	487,484,735	487,734,735	86,624	86,624
Shares buyback ¹	–	(250,000)	–	–
At end of period/year	487,484,735	487,484,735	86,624	86,624

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

¹ The share buyback was by way of market acquisition FY2023 with a total of 250,000 shares held as treasury shares.

15. Treasury shares

	Group and Company			
	Number of treasury shares			
	30/6/2024	31/12/2023	30/6/2024	31/12/2023
			\$'000	\$'000
At 1 January	(250,000)	–	(63)	–
Shares buyback	–	(250,000)	–	(63)
At end of period/year	(250,000)	(250,000)	(63)	(63)

As at 30 June 2024, the Company held 250,000 treasury shares which represents 0.05% of the total number of issued shares (excluding treasury shares).

Treasury shares relate to ordinary shares of the Company that are held by the Company.

16. Asset held for sale

One of the Group's 70%-owned subsidiary, had entered into sale and purchase agreement with a third party for the disposal of its property, plant and equipment in Japan.

In accordance with SFRS(I)5 *Non-current Assets Held for Sale and Discontinued Operations*, the above-mentioned property, plant and equipment with net book value of \$22,064,000 was classified as asset held for sale at the end of the reporting period.

The completion of the sales is expected to be in August 2024.

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

1. Share capital

- i) **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 2024 to 30 June 2024. There are no outstanding convertible securities as at 30 June 2024 and 31 December 2023.

- ii) **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.**

Refer to note 14 on page 18 – Share capital for more details.

- iii) **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**

Refer to note 15 on page 18 – Treasury shares for more details.

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 consistent with those used in the audited financial statements for the financial year ended 31 December 2023 in the preparation of the consolidated financial statements for the current reporting period except for the adoption of revised SFRS(I) (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2024. The adoption of these revised SFRS(I) and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

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, and the effect of, the change

Not applicable.

Heeton Holdings Limited and its Subsidiaries

Other information Required by Listing Rule Appendix 7.2

6. Earnings per 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.

	Group		
	HY2024	HY2023	Increase/ (decrease)
	Cents	Cents	%
Losses per ordinary share from continuing operations attributable to equity holders of the Company for the period			
(a) On a basic basis	(1.07)	(0.90)	18.9%
(b) On a fully diluted basis	(1.07)	(0.90)	18.9%

The above are calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current period of 487,484,735 ordinary shares (30 June 2023: 487,721,074 ordinary shares).

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	
	30/6/2024	31/12/2023	30/6/2024	31/12/2023
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	86.12	87.17	21.99	21.60

The above have been computed based on 487,484,735 ordinary shares in issue as at 30 June 2024 and 31 December 2023 respectively.

Heeton Holdings Limited and its Subsidiaries

Other information Required by Listing Rule Appendix 7.2

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, hotel operation income and management fee.

The Group's turnover for the six months ended 30 June 2024 ("HY2024") increased by 20.9% to \$37.11 million compared to \$30.70 million for the previous corresponding period ended 30 June 2023 ("HY2023"). The increase is mainly attributed to increase in hotel operation income due to higher occupancies of the Group's hotels in the United Kingdom and higher rental income from the investment properties.

Personnel expenses increased by \$1.10 million to \$11.48 million in HY2024 mainly due to higher manpower costs in line with the higher occupancies of the Group's hotels.

Depreciation of property, plant and equipment increase from \$2.39 million in HY23 to \$2.92 million in HY2024 mainly due to new hotel acquired and the appreciation of the Pound Sterling.

Other operating expenses increased to \$14.72 million in HY2024 from \$14.02 million in HY2023 mainly due to higher operating expenses in line with the higher occupancies of the Group's hotels.

Finance expenses comprised mainly interest on the bond and bank loans. It increased by \$1.59 million to \$14.06 million mainly due to higher interest rate on bank borrowings.

The Group recorded impairment losses of \$1.02 million in HY2024 on amount due from its associated companies.

Share of results from associated companies/joint venture companies was a gain of \$0.20 million in HY2024 compared to a loss of \$1.02 million in HY2023. This was mainly due to increase in profits for some of the associated companies/joint venture companies.

No fair value adjustment of investment properties was recognised in HY2024 mainly due to the fair value gain from Tampines Mart offset by fair value loss from 62 Sembawang Road.

Taking into account all the above factors, the Group recorded a net loss after tax of \$5.52 million for HY2024, compared to a net loss after tax of \$5.64 million recorded in HY2023.

Commentary on the Consolidated Balance Sheets

Property, plant and equipment amounting to \$384.16 million comprised mainly hotel properties. The decrease of \$17.75 million in HY2024 was mainly due to the reclassification of the Group's hotel in Asakusa, Japan to asset held for sale and the depreciation charges recognised. This is offset by capital expenditure incurred for the Group's hotel in United Kingdom and the effect of the appreciation of Pound Sterling.

Investment in associated and joint venture companies increased to \$110.00 million in HY2024 from \$109.88 million mainly due to the share of the results of associated companies and joint venture companies during HY2024.

Heeton Holdings Limited and its Subsidiaries

Other information Required by Listing Rule Appendix 7.2

Amount due from associated and joint venture companies decreased from \$64.22 million in FY2023 to \$61.33 million in HY2024 mainly due to impairment and repayment of loans.

Included in other receivables are Senior and Promissory Notes receivables totalling \$36 million and \$11.48 million loan to an investment security.

The Group has outstanding 6-months treasury bills amounting \$5.43 million as at 30 June 2024 (FY2023: \$10.59 million). During the period ended HY2024, treasury bills amounting to \$5.16 million had matured.

The Group has bond issue outstanding as at 30 June 2024 of \$53.80 million are unsecured and bears interest at a fixed rate of 7.0% per annum that are due November 2026.

The increase in amounts due to non-controlling interests of \$3.77 million to \$72.91 million in HY2024 is mainly attributable to borrowings from non-controlling interests and the strengthening of Pound Sterling.

Total bank term loans increased from \$347.64 million in FY2023 to \$354.83 million in HY2024 mainly as a result of new term loan secured from banks.

The Group recorded a foreign currency translation gain of \$1.91 million in HY2024 mainly from its United Kingdom-based investments as a result of the appreciation of the Pound Sterling during the period.

Commentary on the Cashflow Statement

The increase in cash and cash equivalents of \$7.83 million in HY2024 can be attributed to the following major cash inflows and outflows:

Cash inflows:

- net proceed from bank loans of \$5.06 million;
- net proceed from maturity of treasury bills of \$5.16 million; and
- net proceed from loans from non-controlling interest of \$2.69 million.

Cash outflows:

- net cash outflows in operating activities of \$0.85 million;
- additions to property, plant and equipment of \$3.63 million; and
- payment of dividend of \$1.83 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 six months ended 30 June 2024 of the Group are in line with the statement made in paragraph 10 of the results announcement for the year ended 31 December 2023.

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 world economy's outlook remains mixed. Risks include some countries' restrictive monetary policies and withdrawal of fiscal support, low productivity growth, China's significant economic slowdown, and two regional wars, Ukraine and Gaza, currently with no end in sight. This is balanced by falling headline inflation worldwide and peak interest rates.

Heeton Holdings Limited and its Subsidiaries

Other information Required by Listing Rule Appendix 7.2

The global economic situation remains uncertain with the fear of a recession in the U.S. and the slowing down in the China's economy. In addition, the outcome of the U.S. presidential election in November may further strain U.S.-China geopolitical ties.

Zooming into the domestic environment, Singapore's gross domestic product (GDP) grew 2.9% year on year in the second quarter, according to the Ministry of Trade and Industry (MTI), which maintained the momentum for the first half of the year after first quarter growth was revised upwards to 3%. A strong first half showing will help meet MTI's GDP target of 2.0% to 3.0% growth, boosted by a recovering external economic environment, the perceived end of the inflationary surge without a recession, and rising expectations that the U.S. Federal Reserve will deliver a rate cut soon.

In the UK, where nine of the Group's 14 hotels are located, the post-pandemic recovery continues, boosted by a resilient British economy, with UK GDP up 0.6% in the first quarter of 2024, exiting the shallow recession it entered in the second half of 2023. In addition, the new British government's landslide election victory may lead to less business uncertainty and a further rejuvenation of the macroeconomic prospects of the country, which augurs well for our hospitality business.

Nevertheless, the Group continues to execute its business strategies to better serve its partners, customers, and shareholders. These include prudent cost and risk management, expanding its hospitality portfolio, and establishing or strengthening collaborations with new and existing partners. The Group's property development arm regularly participates in land tenders, usually as part as a consortium to reduce risks and with a focus on projects targeting the domestic market. At the same time, the Group's two domestic retail malls continue to maintain a diversified and reliable income stream. As part of a broader diversification, the Group has also been exploring opportunities to expand to new property segments, such as industrial construction and development, build-to-rent concepts, and other accommodation projects.

On the hospitality front, the Group continues to experience higher operating expenses and elevated interest rates which is likely to create a muted segmental performance for FY2024.

Despite the macroeconomic uncertainties, the Group remains cautiously optimistic for the second half of 2024. Heeton will continue to maintain prudent cost management strategies, boost its targeted marketing efforts, and improve operating efficiencies, to drive sustainable long-term growth for the company.

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?

Yes.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

Heeton Holdings Limited and its Subsidiaries

Other information Required by Listing Rule Appendix 7.2

12. If no dividend has been declared/recommended, a statement to that effect and the reasons for the decision.

No dividend has been declared by the Board of the Company in respect of HY2024 (HY2023 - Nil). It is not the Company's practise to pay dividend in the first half of the financial year.

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. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable. Please refer to paragraph 8 above.

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)

The Company has obtained undertakings from all its directors and executive officers.

16. Confirmation pursuant to Rule 705(5)

We, Toh Giap Eng and Hoh Chin Yiep, being two of the Directors of Heeton Holdings Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the six months ended 30 June 2024 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Toh Giap Eng
Executive Chairman
6 August 2024

Hoh Chin Yiep
Executive Director and CEO