



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

FOURTH QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR YEAR ENDED 31 DECEMBER 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 FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014

	Group					
	4Q2014 S\$'000	4Q2013 (Restated) S\$'000	Increase / (Decrease) %	Year Ended 31 December		Increase / (Decrease) %
				2014 S\$'000	2013 (Restated) S\$'000	
Revenue	6,834	3,041	124.7	36,318	15,065	141.1
Cost of properties sold	(1,394)	(100)	n.m.	(19,837)	(3,193)	521.3
Other operating income	895	837	6.9	3,151	3,733	(15.6)
Personnel expenses	(1,492)	(878)	69.9	(4,347)	(3,394)	28.1
Depreciation of fixed assets	(54)	(53)	1.9	(218)	(240)	(9.2)
Other operating expenses	(1,646)	(2,766)	(40.5)	(9,111)	(6,379)	42.8
Profit from operations	3,143	81	n.m.	5,956	5,592	6.5
Finance expenses	(3,513)	(1,481)	137.2	(11,236)	(2,931)	283.4
Finance income	2,235	777	187.6	4,972	3,030	64.1
Share of profits of associated companies/joint venture companies	4,800	5,419	(11.4)	11,792	8,655	36.2
Gain from fair value adjustment of investment properties	400	1,500	(73.3)	3,400	5,300	(35.8)
Provision for foreseeable losses on development property	(5,000)	-	n.m.	(5,000)	-	n.m.
Profit before tax from operations	2,065	6,296	(67.2)	9,884	19,646	(49.7)
Income tax expense	(397)	(226)	75.7	(1,114)	(1,297)	(14.1)
Profit for the period/year, net of tax	1,668	6,070	(72.5)	8,770	18,349	(52.2)
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	556	464	19.8	(793)	1,227	n.m.
Total comprehensive income for the period/year	2,224	6,534	(66.0)	7,977	19,576	(59.3)
Profit attributable to:						
Owners of the parent	1,889	6,070	(68.9)	9,455	18,350	(48.5)
Non-controlling interests	(221)	-	n.m.	(685)	(1)	n.m.
	1,668	6,070	(72.5)	8,770	18,349	(52.2)
Total comprehensive income attributable to:						
Owners of the parent	2,445	6,534	(62.6)	8,662	19,577	(55.8)
Non-controlling interests	(221)	-	n.m.	(685)	(1)	n.m.
	2,224	6,534	(66.0)	7,977	19,576	(59.3)

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	
	31-12-14	31-12-13	31-12-14	31-12-13
	\$'000	(Restated)	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Fixed assets	68,291	455	161	206
Investment properties	172,333	138,900	-	-
Subsidiaries	-	-	25,606	31,670
Associated companies and joint venture companies	94,352	77,103	5,000	5,000
Amounts due from associated companies and joint venture companies	166,669	109,177	-	-
Other investments	8,876	3,050	-	-
Intangible assets	109	109	-	-
Deferred tax assets	-	8	-	8
	510,630	328,802	30,767	36,884
Current assets				
Development properties	210,694	224,261	73,679	69,055
Trade receivables	159	287	-	1
Other receivables	8,670	6,039	3	737
Prepayments	574	835	19	307
Amounts due from subsidiaries (non-trade)	-	-	216,333	128,567
Amounts due from related parties (trade)	37	13	-	-
Amounts due from joint venture company (non-trade)	1,293	-	1,293	-
Fixed deposits	20,036	47,124	19,221	47,000
Cash and bank balances	19,485	9,155	13,344	3,550
	260,948	287,714	323,892	249,217
Current Liabilities				
Trade payables	5,944	6,710	1,272	529
Other payables and accruals	5,135	4,728	2,032	1,683
Amounts due to subsidiaries (non-trade)	-	-	29,729	14,958
Amounts due to related parties (non-trade)	-	-	-	-
Lease obligations	20	45	-	4
Bond	75,000	-	75,000	-
Short-term bank loans	-	1,000	-	1,000
Bank term loans	92,139	56,365	-	-
Bank overdrafts	-	-	-	-
Income tax payable	1,407	1,367	-	85
	179,645	70,215	108,033	18,259
Net current assets	81,303	217,499	215,859	230,958
Non-current liabilities				
Other payables and accruals	1,025	960	-	-
Lease obligations	-	21	-	-
Amounts due to associated companies (non-trade)	36,079	-	-	-
Bond	60,000	75,000	60,000	75,000
Bank term loans	167,923	167,191	60,995	60,995
Deferred tax liabilities	159	-	159	-
	(265,186)	(243,172)	(121,154)	(135,995)
Net assets	326,747	303,129	125,472	131,847
Share capital and reserves				
Share capital	58,803	58,803	58,803	58,803
Shareholders' contribution	8,596	8,596	-	-
Translation reserve	(1,040)	(247)	-	-
Retained earnings	240,601	235,981	66,669	73,044
	306,960	303,133	125,472	131,847
Non-controlling interests	19,787	(4)	-	-
Total equity	326,747	303,129	125,472	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 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
92,159	75,000	56,410	1,000

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
167,923	60,000	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 FOURTH QUARTER AND FULL YEAR ENDED CASH FLOW STATEMENTS

	Group			
	4Q2014 \$'000	4Q2013 (Restated) \$'000	YTD 2014 \$'000	YTD 2013 (Restated) \$'000
Cash flows generated from (used in) operating activities				
Profit before tax	2,065	6,296	9,884	19,646
Adjustments for:				
Depreciation of fixed assets	54	53	218	240
Gain from fair value adjustment of investment properties	(400)	(1,500)	(3,400)	(5,300)
Share of profits of associated companies	(4,800)	(5,419)	(11,792)	(8,655)
Interest expense	3,513	1,481	11,236	2,931
Interest income	(2,235)	(777)	(4,972)	(3,030)
Dividend income from investee company	-	-	-	(593)
Provision for foreseeable losses on development property	5,000	-	5,000	-
Exchange differences	(383)	352	(462)	438
Operating cash flows before changes in working capital	2,814	486	5,712	5,677
(Increase) Decrease in development properties	(2,488)	906	8,567	(10,518)
Decrease (Increase) in trade receivables	8	(12)	128	(46)
Decrease (Increase) in other receivables	(3,122)	687	(2,631)	(5,378)
(Increase) Decrease in prepayments	(178)	304	261	(801)
(Decrease) Increase in trade payables	(444)	3,708	(766)	3,396
(Decrease) Increase in other payables and accruals	(1,614)	546	472	1,530
(Decrease) in amounts due to related parties (non-trade)	-	-	-	(1,550)
(Decrease) Increase in amounts due from related parties, net	(23)	(5)	(24)	185
Cash flows generated from (used in) operations	(5,047)	6,620	11,719	(7,505)
Interest received	2,235	777	4,972	3,030
Interest paid, excluding amounts capitalised	(3,513)	(1,481)	(11,236)	(2,931)
Income taxes refunded (paid)	7	6	(907)	(1,594)
Net cash generated from (used in) operating activities	(6,318)	5,922	4,548	(9,000)

UNAUDITED FOURTH QUARTER AND FULL YEAR ENDED CASH FLOW STATEMENTS (CONT'D)

	Group			
	4Q2014 \$'000	4Q2013 (Restated) \$'000	YTD 31 December 2014 \$'000	YTD 2013 (Restated) \$'000
Cash flows generated from (used in) investing activities				
Purchase of fixed assets	(4,140)	(15)	(4,198)	(198)
Net cash outflow on investment in an associated company	(147)	-	(2,092)	-
Net cash outflow on investment in subsidiaries	1,781	-	(53,681)	-
Net cash outflow on acquisition of an investment property	4,673	-	(22,169)	-
Loan to investee company	(35)	(169)	(5,825)	(459)
Dividend income from investee company	-	-	-	593
Net repayment from (Loan to and investment in) associated companies / joint venture companies	6,981	(4,601)	(23,965)	(6,048)
Net cash generated from (used in) investing activities	9,113	(4,785)	(111,930)	(6,112)
Cash flows generated from financing activities				
Repayment of lease obligations, net	(11)	(24)	(46)	(94)
Proceeds from (repayment of) bank loans, net	10,258	(22,022)	35,505	9,561
Proceeds from bond issue	-	75,000	60,000	75,000
Dividends paid on ordinary shares of the Company	-	-	(4,835)	(2,910)
Net cash generated from financing activities	10,247	52,954	90,624	81,557
Net increase (decrease) in cash and cash equivalents	13,042	54,091	(16,758)	66,445
Cash and cash equivalents at beginning of period	26,479	2,188	56,279	(10,166)
Cash and cash equivalents at end of period	39,521	56,279	39,521	56,279

Note: Cash and cash equivalents

	Group			
	4Q2014 \$'000	4Q2013 (Restated) \$'000	YTD 2014 \$'000	YTD 2013 (Restated) \$'000
Fixed deposits	20,036	47,124	20,036	47,124
Cash and bank balances	19,485	9,155	19,485	9,155
Cash and cash equivalents	39,521	56,279	39,521	56,279

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 year	-	-	1,227	18,350	19,577	(1)	19,576
Dividends	-	-	-	(2,910)	(2,910)	-	(2,910)
Balance at 31 December 2013	58,803	8,596	(247)	235,981	303,133	(4)	303,129
Balance at 1 January 2014	58,803	8,596	(247)	235,981	303,133	(4)	303,129
Total comprehensive income for the year	-	-	(793)	9,455	8,662	(685)	7,977
Dividends	-	-	-	(4,835)	(4,835)	-	(4,835)
Investment in new subsidiaries	-	-	-	-	-	20,476	20,476
Balance at 31 December 2014	58,803	8,596	(1,040)	240,601	306,960	19,787	326,747
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 expense for the year	-	(1,336)	(1,336)				
Dividends	-	(2,910)	(2,910)				
Balance at 31 December 2013	58,803	73,044	131,847				
Balance at 1 January 2014	58,803	73,044	131,847				
Total comprehensive expense for the year	-	(1,540)	(1,540)				
Dividends	-	(4,835)	(4,835)				
Balance at 31 December 2014	58,803	66,669	125,472				

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 year from 1 January 2014 to 31 December 2014.

There are 44,725,994 outstanding share warrants as at 31 December 2014 and 31 December 2013 which entitle the holders to subscribe for new ordinary shares at the exercise price of S\$0.70 each. These share warrants may be exercised from 3 March 2014 to 3 September 2015.

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 31 December 2014 and 31 December 2013.

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

The Company did not issue any preference shares as at 31 December 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 year ended 31 December 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 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:

	Group 31-12-13 \$'000
(Decrease) Increase In	
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)
Derivative financial instrument	-
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

	YTD 31-12-13 \$'000
(Decrease) / Increase in:	
Revenue	(45,296)
Cost of sales	(36,147)
Other operating income	1,073
Personnel expenses	(139)
Depreciation of fixed assets	(2)
Other operating expenses	(3,592)
Financial expenses	(2,321)
Financial income	(13)
Share of profits of associated companies	1,545
Profit before tax from operations	(490)
Income tax expense	(490)
Profit for the period, net of tax	-

Consolidated Statement of Cash flows

	YTD 31-12-13 \$'000
(Decrease) / Increase in:	
Operating activities	(1,781)
Investing activities	(6,925)
Financing activities	12,250
Net increase in Cash and cash equivalents at end of period	3,544

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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					
	4Q2014 Cents	4Q2013 Cents	Decrease %	YTD 2014 Cents	YTD 2013 Cents	Decrease %
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the period/year						
(a) On a basic basis	0.70	2.26	(69.0)	3.52	6.83	(48.5)
(b) On a fully diluted basis	0.70	2.26	(69.0)	3.52	6.83	(48.5)

The above earnings per share calculation for the fourth quarter ended 31 December 2014 and 2013 and full year ended 31 December 2014 and 2013 have been computed based on the number of ordinary shares of 268,615,194.

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	
	31-12-14 Cents	31-12-2013 (restated) Cents	31-12-14 Cents	31-12-13 Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	121.64	112.85	46.71	49.08

The above have been computed based on 268,615,194 ordinary shares in issue as at 31 December 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 year ended 31 December 2014 ("FY2014") increased by 141.1% to \$36.32 million compared to \$15.07 million for the previous corresponding year ended 31 December 2013 ("FY2013"). This was mainly due to revenue contribution of \$24.11 million from two residential projects, Onze@Tanjong Pagar and the Earlington in London, as compared to only \$3.37 million from one residential project, the Britton in London, in FY2013.

Similarly, cost of properties sold in FY2014 increased by 521.3% over FY2013 as a result of recognition of cost of development for Onze@Tanjong Pagar and the Earlington in London.

Other operating income decreased by 15.6% to \$3.15 million from \$3.73 million. This was mainly due to absence of dividend income of \$593,000 which was received from an investee company during FY2013.

Personnel expenses increased by 28.1% to \$4.35 million in FY2014 was mainly due to increase in headcounts following the commencement of operations in London.

Provision for foreseeable losses of \$5 million was made for one of the Group's development property in 4Q2014.

Other operating expenses increased by 42.8% to \$9.11 million from \$6.38 million. This was mainly due to sales and marketing expenses of \$2.31 million relating to two residential projects, Onze@Tanjong Pagar and the 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 by 283.4% to \$11.24 million from \$2.93 million in FY2013. This was mainly due to (i) the \$135 million bond interest expenses of \$6.26 million; (ii) interest expense of \$803,000 on loans from associated companies; and (iii) bank loan interest expense of \$1.90 million on a development property in which TOP was obtained in October 2013.

Finance income rose by 64.1% to \$4.97 million, mainly due to an increase in interest-bearing advances made to a associated companies in FY2014 as compared to FY2013.

Share of profits from associated companies and joint venture companies increased by 36.2% to \$11.79 million in FY2014. This was mainly attributed to higher progressive profit recognition of various residential projects in the associated companies.

The Group recorded a \$3.40 million fair value gain during FY2014 from three investment properties, Tampines Mart, The Woodgrove, and 62 Sembawang Road during FY2014.

Taking into account the above factors, the Group recorded a 52.2% decline in net profit after tax to \$8.77 million in FY2014, compared to \$18.35 million recorded in FY2013.

Commentary on the Consolidated Balance Sheets

The increase in fixed assets from \$455,000 to \$68.29 million was mainly due to (i) the Group's acquisition of a piece of land for \$6.58 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 FY2014 for \$61.38 million.

Investment properties amounting to \$172.33 million mainly comprised Tampines Mart, The Woodgrove and the Group's new investment property, Adam House in London, United Kingdom. The increase of \$33.43 million was mainly due to (i) the acquisition of Adam House in 3Q2014 for \$30.03 million; and (ii) the recognition of fair value gain of \$3.40 million during FY2014.

The increase in associated companies and joint venture companies from \$77.10 million to \$94.35 million was mainly due to equity accounting of the Group's share of profits of associated companies and joint venture companies of \$11.79 million during FY 2014.

The increase in amounts due from associated companies and joint venture companies from \$109.18 million to \$166.67 million was mainly due to increase in loan to associated companies and the Group's additional investment in Australia.

The increase in other investments from \$3.05 million to \$8.88 million was mainly due to the Group's additional investment in China through an investee company.

Development properties amounting to \$215.69 million, consist of residential property projects in various stages of development.

Other receivables increase from \$6.04 million to \$8.67 million mainly due to a temporary advance made to non-controlling interest for an investment in London.

Fixed deposits decreased by \$27.09 million to \$20.04 million as a result of deployment of funds for the Group's investment in United Kingdom and Australia.

Total bank term loans increased by \$35.51 million to \$260.06 million as at 31 December 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 \$36.08 million as a result of loans from the Group's associated companies.

In June 2014, the Company issued fixed rate 3 year bond of \$60.00 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. The \$75.00 million bond issued in November 2013, payable in November 2015, has been reclassified to current liabilities as at 31 December 2014.

Commentary on the Cash Flow Statements

Cash and cash equivalents decreased by \$16.76 million in FY2014 because the following major cash outflows exceed cash inflows during the year:

Cash outflows:

- net cash outflow of \$53.68 million for the investment in subsidiaries mainly for the acquisition of Woodley Hotels (Kensington) Limited, the owner of Hotel ibis Styles London Kensington;
- net cash outflow of \$22.17 million for the acquisition of investment properties, Adam House;
- net cash outflow of \$4.20 million for the acquisition of a hotel site in Brisbane, Australia;
- loans of \$5.83 million and \$23.96 million to investee company and associated companies respectively; and
- dividend payments made during the year of \$4.84 million.

Cash inflows:

- net cash generated from operations of \$11.72 million partly due to receipt of progress billings upon the completion of Earlington residential project in London;
- proceeds from bond issue amounting to \$60.0 million; and
- proceeds from bank loans of \$35.51 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 year ended 31 December 2014 of the Group are in line with the statement made in paragraph 10 of the results announcement for the third quarter and nine months ended 30 September 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 -

According to URA's latest statistic published on 23 January 2015, the number of private residential units launched (excluding Executive Condominiums, ECs) for the whole of 2014 stood at 7,693 units, which was significantly lower than the 15,885 units launched a year ago. Similarly, for the whole of 2014, developers sold a total of 7,316 private residential units (excluding ECs), significantly lower than the 14,948 units sold in 2013. The significantly lower number of launches and sales is a clear indication of the negative impact from the numerous cooling measures imposed by the Singapore Government, with the latest being Total Debt Servicing Ratio (TDSR) in June 2013. In addition to the lower number of units launched and sold, prices were also negatively affected. According to URA's data, prices of private residential properties continued to decline for the fifth straight quarter. For the whole year, prices of private residential properties have decreased by 4.0% in 2014, compared with an increase of 1.1% in 2013. This is the first year of overall price decline since 2008.

As such, the Group expects that the property market in Singapore will continue to remain soft in the short term and will continue to 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. Nevertheless, the Group remains positive on the longer-term outlook for the Singapore property market. In addition to local development opportunities, the Group will also be leveraging on its track record and experience in overseas property development to actively seek and assess development opportunities beyond Singapore.

As part of its effort to mitigate the impact of the slowdown in the local property market, the Group is expanding its properties portfolio overseas. The Group had acquired a number of quality assets during FY2014 and believe that these will bring long term benefits to the Group. In addition to acquisition of investment properties, the Group will be reviewing its available options and taking necessary steps to enhance its existing assets.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend	Final Ordinary Dividend
Dividend Type	Cash
Dividend Amount per Shares (in Cents)	0.60 cents per share (1-Tier tax exempt)
Tax Rate	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	Final Ordinary Dividend
Dividend Type	Cash
Dividend Amount per Shares (in Cents)	1.30 cents per share (1-Tier tax exempt)
Tax Rate	Nil

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

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.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Year ended 31 December 2014

	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	11,219	24,112	-	987	-	36,318
Intersegment revenue	436	-	2,940	-	(3,376)	-
Total revenue	11,655	24,112	2,940	987	(3,376)	36,318
Results:						
Interest (expense)/income, net	(1,622)	(1,517)	(2,793)	(332)	-	(6,264)
Gain from fair value adjustment of investment properties	3,400	-	-	-	-	3,400
Depreciation of fixed assets	(30)	-	(188)	-	-	(218)
Share of results of associated companies/joint venture	(1,137)	12,431	(5)	503	-	11,792
Segment profit / (loss)	7,821	6,368	(3,428)	(877)	-	9,884
Assets:						
Investment in associated companies and joint venture companies	42,182	24,397	-	27,773	-	94,352
Additions to non-current assets	3,400	-	87	67,965	-	71,452
Segment assets	243,176	370,681	599,258	103,011	(544,548)	771,578
Segment liabilities	90,543	129,393	692,845	25,763	(493,713)	444,831

Year ended 31 December 2013 (restated)

	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	11,634	3,373	-	58	-	15,065
Intersegment revenue	1,380	-	3,288	-	(4,668)	-
Total revenue	13,014	3,373	3,288	58	(4,668)	15,065
Results:						
Interest (expense)/income, net	(2,800)	(714)	3,794	-	(181)	99
Dividend income	-	-	-	593	-	593
Gain from fair value adjustment of investment properties	5,300	-	-	-	-	5,300
Depreciation of fixed assets	(41)	(19)	(180)	-	-	(240)
Share of results of associated companies / joint venture	5,326	2,987	-	342	-	8,655
Segment profit / (loss)	16,606	515	2,180	345	-	19,646
Assets:						
Investment in associated companies and joint venture companies	46,537	15,868	-	14,698	-	77,103
Additions to non-current assets	-	-	198	-	-	198
Segment assets	176,005	320,824	408,735	12,995	(302,043)	616,516
Segment liabilities	79,595	155,355	355,645	-	(277,208)	313,387

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

Please refer to item 8 above.

16 A breakdown of sales

		FY2014	FY2013	% increase / (decrease)
		\$'000	\$'000	
a	Sales reported for first half year	25,444	9,008	182.46
b	Operating profit after tax and before deducting non-controlling interests for first half year	6,874	9,157	(24.93)
c	Sales reported for second half year	10,874	6,057	79.53
d	Operating profit after tax and before deducting non-controlling interests for second half year	1,896	9,192	(79.37)

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend

	FY2014 \$'000	FY2013 \$'000
Ordinary - proposed final	1,612	3,491
Ordinary - interim paid	1,344	-
Total:	<u>2,956</u>	<u>3,491</u>

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

None.

BY ORDER OF THE BOARD

Toh Giap Eng
CEO & Managing Director
24 February 2015

Low Yee Khim
COO & Executive Director