



ARA Asset Management Limited

FY2017 Audited Financials

10 MAY 2018

FY2017 Audited Financial Statements

- The consolidated financial statements of ARA Asset Management Limited and its subsidiaries (“ARA Group” or the “Group”) for the financial year ended 31 December 2017 as set out in this presentation have been extracted from the audited consolidated financial statements of ARA Group.
- ARA Group’s auditors, KPMG LLP had issued an unmodified audit opinion. In their opinion, the consolidated financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore (“FRSs”) so as to present fairly, in all material respects, the consolidated position of the Group as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Consolidated statement of profit or loss
Year ended 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Management fees	161,308	140,584
Acquisition, divestment and performance fees	4,557	5,410
Revenue	165,865	145,994
Finance income	41,030	30,488
Other income	828	1,203
	207,723	177,685
Administrative expenses	(66,919)	(52,929)
Operating lease expenses	(4,647)	(4,191)
Other expenses	(16,805)	(12,730)
Finance costs	(7,399)	(6,331)
Results from operating activities	111,953	101,504
Share of profit of associates and joint ventures, net of tax	5,764	5,205
Profit before tax	117,717	106,709
Tax expense	(17,201)	(14,592)
Profit for the year	100,516	92,117
Profit attributable to:		
Equity holders of the Company	96,761	88,661
Non-controlling interests	3,755	3,456
Profit for the year	100,516	92,117
Earnings per share		
Basic and diluted earnings per share (cents)	8.99	8.89

Consolidated statement of comprehensive income
Year ended 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Profit for the year	100,516	92,117
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Reclassification of fair value changes on available-for-sale financial assets to retained earnings upon re-designation as investment in associates	86,589	—
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences relating to financial statements of foreign subsidiaries	(25,342)	5,363
Share of other comprehensive income of associate	300	(626)
Effective portion of changes in fair value of cash flow hedges	(307)	341
Net change in fair value of available-for-sale financial assets	112,983	17,212
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	718	1,824
Other comprehensive income for the year, net of tax	<u>174,941</u>	<u>24,114</u>
Total comprehensive income for the year	<u>275,457</u>	<u>116,231</u>
Total comprehensive income attributable to:		
Equity holders of the Company	271,741	112,596
Non-controlling interests	3,716	3,635
Total comprehensive income for the year	<u>275,457</u>	<u>116,231</u>

There is no income tax attributable to the items in other comprehensive income.

Statements of financial position
As at 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Assets		
Plant and equipment	1,752	2,219
Intangible assets	1,134	1,092
Associates and joint ventures	465,407	20,427
Financial assets	689,221	526,278
Financial derivatives	34	341
Deferred tax assets	799	796
Trade and other receivables*	1,685	1,800
Prepayments*	2,478	3,257
Total non-current assets	1,162,510	556,210
Financial assets	66,016	35,443
Current tax assets	61	–
Trade and other receivables*	65,125	58,072
Cash and cash equivalents	93,323	109,067
Prepayments*	1,913	2,420
Associates classified as held for sale	266	–
Total current assets	226,704	205,002
Total assets	1,389,214	761,212

* Comparative have been restated to conform the current year's presentation.

Statements of financial position
As at 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Equity		
Share capital	2,095	1,995
Reserves	367,953	279,561
Perpetual securities	304,078	—
Retained earnings	466,621	300,866
Equity attributable to equity holders of the Company	1,140,747	582,422
Non-controlling interests	7,264	7,052
Total equity	1,148,011	589,474
Liabilities		
Loans and borrowings	79,996	80,174
Trade and other payables	4,849	2,384
Deferred tax liabilities	226	189
Total non-current liabilities	85,071	82,747
Trade and other payables	42,646	34,724
Loans and borrowings	100,114	41,853
Current tax payable	13,372	12,414
Total current liabilities	156,132	88,991
Total liabilities	241,203	171,738
Total equity and liabilities	1,389,214	761,212

Consolidated statement of cash flows
Year ended 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Profit for the year	100,516	92,117
Adjustments for:		
Amortisation of intangible assets	531	262
Depreciation of plant and equipment	867	1,247
Loss/(Gain) on unrealised foreign exchange	5,430	(424)
Distribution income	(25,057)	(29,363)
(Gain)/Loss on fair value of financial assets	(15,020)	2,185
Gain on disposal of financial assets	(523)	(749)
Interest expense	3,192	1,414
Interest income	(430)	(271)
Impairment loss on available-for-sale financial assets	812	1,824
Impairment loss on intangible assets	457	–
Loss/(gain) on disposal of plant and equipment	91	(21)
Management fees received/receivable in units of real estate investment trusts	(69,317)	(68,819)
Share of profit of associates and joint ventures	(5,764)	(5,205)
Tax expense	17,201	14,592
	12,986	8,789
Change in trade and other receivables	(10,381)	290
Change in prepayments	779	325
Change in trade and other payables	10,387	10,285
	13,771	19,364
Cash generated from operating activities	25,277	29,513
Distribution income received		
Proceeds from sale of units in real estate investment trusts	46,391	37,133
Tax paid	(16,148)	(14,552)
	69,291	71,458
Net cash from operating activities		

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2017

	Group	
	2017	2016
	\$'000	\$'000
Cash flows from investing activities		
Acquisition of interest in associates and joint venture	(365,751)	(7,742)
Acquisition of non-controlling interests without change in control	–	(1,722)
Dividends received from associates	1,609	1,045
Contribution from non-controlling interests	52	626
Interest received	430	271
Proceeds from disposal of plant and equipment	607	311
Purchase of plant and equipment	(1,125)	(1,665)
Software development expenditure	(1,030)	(207)
Purchase of financial assets	(63,208)	(111,300)
Proceeds from capital returns of available-for-sale financial assets	6,822	28,325
Net cash used in investing activities	(421,594)	(92,058)
Cash flows from financing activities		
Dividends paid	(14,055)	(53,279)
Interest paid	(3,012)	(1,414)
Issue of redeemable preference shares	100	–
Issue of perpetual securities, net of issue costs	296,983	–
(Payment of)/Proceeds from finance lease liabilities, net	(156)	164
Proceeds from borrowings, net	58,300	107,700
Net cash from financing activities	338,160	53,171
Net (decrease)/increase in cash and cash equivalents	(14,143)	32,571
Cash and cash equivalents at 1 January	109,067	76,742
Effect of exchange rate fluctuations on cash held	(1,601)	(246)
Cash and cash equivalents at 31 December	93,323	109,067

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