



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR NINE MONTHS ENDED 30 SEPTEMBER 2015

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

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

UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	Group					
	3Q2015 S\$'000	3Q2014 S\$'000	Increase / (Decrease) %	9 Months Ended 30 September		Increase / (Decrease) %
				2015 S\$'000	2014 S\$'000	
Revenue	8,998	4,040	122.7	25,104	29,484	(14.9)
Cost of properties sold	(1,919)	(794)	141.7	(6,929)	(18,443)	(62.4)
Other operating income	738	747	(1.2)	2,289	2,256	1.5
Personnel expenses	(1,679)	(962)	74.5	(4,318)	(2,855)	51.2
Depreciation of fixed assets	(51)	(55)	(7.3)	(161)	(164)	(1.8)
Other operating expenses	(2,514)	(2,072)	21.3	(6,931)	(7,465)	(7.2)
Profit from operations	3,573	904	295.2	9,054	2,813	221.9
Finance expenses	(3,917)	(3,222)	21.6	(11,603)	(7,723)	50.2
Finance income	1,608	990	62.4	4,316	2,737	57.7
Share of results of associated companies/joint venture companies	4,515	1,877	140.5	23,195	6,992	231.7
Gain from fair value adjustment of investment properties	-	-	N.M	-	3,000	(100.0)
Provision for foreseeable losses in development property	-	-	N.M	(16,000)	-	N.M
Profit before tax	5,779	549	952.6	8,962	7,819	14.6
Income tax expense	(407)	(321)	26.8	(1,600)	(717)	123.2
Profit for the period, net of tax	5,372	228	2,256.1	7,362	7,102	3.7
Other comprehensive income						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation	188	(1,848)	(110.2)	1,358	(1,349)	(200.7)
Total comprehensive income for the period	5,560	(1,620)	(443.2)	8,720	5,753	51.6
Profit attributable to:						
Owners of the parent	5,177	614	743.2	7,828	7,566	3.5
Non-controlling interests	195	(386)	(150.5)	(466)	(464)	0.4
	5,372	228	2,256.1	7,362	7,102	3.7
Total comprehensive income attributable to:						
Owners of the parent	5,497	(1,234)	(545.5)	9,501	6,217	52.8
Non-controlling interests	63	(386)	(116.3)	(781)	(464)	68.3
	5,560	(1,620)	(443.2)	8,720	5,753	51.6

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

UNAUDITED BALANCE SHEETS

	Group		Company	
	30-09-15	31-12-14	30-09-15	31-12-14
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Fixed assets	103,630	68,291	102	161
Investment properties	174,363	172,333	-	-
Subsidiaries	-	-	25,606	25,606
Associated companies	58,047	44,022	-	-
Joint venture companies	58,959	50,330	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	174,157	175,327	-	-
Other investments	218	218	-	-
Intangible assets	109	109	-	-
Deferred tax assets	1	-	1	-
	569,484	510,630	30,709	30,767
Current assets				
Development properties	208,695	210,694	72,162	73,679
Trade receivables	995	159	-	-
Other receivables	5,148	8,670	8	3
Prepayments	691	574	45	19
Amounts due from subsidiaries (non-trade)	-	-	241,527	219,002
Amounts due from related parties (trade)	12	37	-	-
Amounts due from joint venture company (non-trade)	2,450	1,293	2,395	1,293
Amounts due from joint venture company (trade)	1,080	-	-	-
Fixed deposits	7,104	20,036	6,934	19,221
Cash and bank balances	17,745	19,485	8,403	13,344
	243,920	260,948	331,474	326,561
Current Liabilities				
Trade payables	7,066	5,944	1,245	1,272
Other payables and accruals	7,265	5,135	3,807	2,032
Amounts due to subsidiaries (non-trade)	-	-	30,912	29,729
Lease obligations	1	20	-	-
Bonds	75,000	75,000	75,000	75,000
Bank term loans	93,739	92,139	4,000	-
Income tax payable	1,196	1,407	639	-
	184,267	179,645	115,603	108,033
Net current assets	59,653	81,303	215,871	218,528
Non-current liabilities				
Other payables and accruals	1,008	1,025	-	-
Amounts due to associated companies and joint venture companies (non-trade)	37,111	36,079	-	-
Amounts due to non-controlling interests (non-trade)	31,975	-	-	-
Bond	60,000	60,000	60,000	60,000
Bank term loans	181,943	167,923	58,745	60,995
Deferred tax liabilities	668	159	668	159
	(312,705)	(265,186)	(119,413)	(121,154)
Net assets	316,432	326,747	127,167	128,141
Share capital and reserves				
Share capital	58,803	58,803	58,803	58,803
Translation reserve	633	(1,040)	-	-
Retained earnings	255,414	249,197	68,364	69,338
	314,850	306,960	127,167	128,141
Non-controlling interests	1,582	19,787	-	-
Total equity	316,432	326,747	127,167	128,141

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

Amount repayable in one year or less, or on demand

As at 30/09/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
93,740	75,000	92,159	75,000

Amount repayable after one year

As at 30/09/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
181,943	60,000	167,923	60,000

Details of any collateral

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

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

UNAUDITED THIRD QUARTER AND NINE MONTHS CASH FLOW STATEMENTS

	Group			
	3Q2015 \$'000	3Q2014 \$'000	9 Months Ended 30 September	
			2015 \$'000	2014 \$'000
Cash flows generated from operating activities				
Profit before tax	5,779	549	8,962	7,819
Adjustments for:				
Depreciation of fixed assets	51	55	161	164
Loss on disposal of fixed assets	-	-	874	-
Gain from fair value adjustment of investment properties	-	-	-	(3,000)
Share of results of associated companies/joint venture companies	(4,515)	(1,877)	(23,195)	(6,992)
Provision for foreseeable losses on development property	-	-	16,000	-
Interest expense	3,917	3,222	11,603	7,723
Interest income	(1,608)	(990)	(4,316)	(2,737)
Unrealised exchange differences	(93)	(100)	144	(79)
Operating cash flows before changes in working capital	3,531	859	10,233	2,898
(Increase) decrease in development properties	(16,554)	(2,011)	(14,000)	11,055
(Increase) decrease in trade receivables	(491)	2,565	(836)	120
Decrease in other receivables	3,916	463	3,522	491
(Increase) decrease in prepayments	(131)	(172)	(117)	439
(Decrease) increase in trade payables	(1,525)	(433)	1,122	(322)
Increase in other payables and accruals	(710)	2,755	2,112	2,086
(Increase) decrease in amounts due from related parties, net	-	(1)	24	(1)
Cash flows (used in) from operations	(11,964)	4,025	2,060	16,766
Interest received	1,608	990	4,316	2,737
Interest paid, excluding amounts capitalised	(3,917)	(3,222)	(11,603)	(7,723)
Income taxes paid	(596)	(544)	(1,305)	(914)
Net cash (used in) from operating activities	(14,869)	1,249	(6,532)	10,866

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

	Group			
	3Q2015 \$'000	3Q2014 \$'000	2015 \$'000	2014 \$'000
Cash flows used in investing activities				
Purchase of fixed assets	(1,233)	(8,319)	(34,275)	(9,147)
Net cash outflow on investment in an associated company	-	(1,945)	-	(1,945)
Net cash outflow on acquisition of a subsidiary	-	-	-	(46,373)
Net cash outflow on acquisition of an investment property	-	(26,842)	-	(26,842)
Renovation of investment property	191	-	(599)	-
Loan to investee company	-	(35)	-	(5,790)
Net loan to and investment in associated companies and joint venture companies	8,649	(19,239)	169	(30,946)
Proceeds from liquidation of an associated company	-	-	200	-
Net cash from (used in) investing activities	7,607	(56,380)	(34,505)	(121,043)
Cash flows from financing activities				
Repayment of lease obligations, net	(2)	(10)	(19)	(35)
Proceeds from bank loans, net	(4,982)	25,262	14,335	25,247
Proceeds from bond issue	-	-	-	60,000
Loans from non-controlling interests	897	-	13,660	-
Dividends paid on ordinary shares of the Company	-	(1,343)	(1,611)	(4,835)
Net cash (used in) from financing activities	(4,087)	23,909	26,365	80,377
Net decrease in cash and cash equivalents	(11,349)	(31,222)	(14,672)	(29,800)
Cash and cash equivalents at beginning of period	36,198	57,701	39,521	56,279
Cash and cash equivalents at end of period	24,849	26,479	24,849	26,479

Note: Cash and cash equivalents

	Group			
	3Q2015 \$'000	3Q2014 \$'000	9 Months Ended 30 September	
			2015 \$'000	2014 \$'000
Fixed deposits	7,104	16,000	7,104	16,000
Cash and bank balances	17,745	12,309	17,745	12,309
Bank overdrafts	-	(1,830)	-	(1,830)
Cash and cash equivalents	24,849	26,479	24,849	26,479

- 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				Non-controlling Interests S\$'000	Total Equity S\$'000
	Share Capital S\$'000	Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000		
Balance at 1 January 2014 (restated)	58,803	(247)	244,577	303,133	(4)	303,129
Total comprehensive income for the period	-	(1,349)	7,566	6,217	(464)	5,753
Dividends	-	-	(4,835)	(4,835)	-	(4,835)
Acquisition of new subsidiary	-	-	-	-	13,156	13,156
Balance at 30 September 2014 (restated)	58,803	(1,596)	247,308	304,515	12,688	317,203
Balance at 1 January 2015 (restated)	58,803	(1,040)	249,197	306,960	19,787	326,747
Total comprehensive income for the period	-	1,673	7,828	9,501	(781)	8,720
Dividends	-	-	(1,611)	(1,611)	-	(1,611)
Return of capital contribution to non-controlling interests	-	-	-	-	(17,424)	(17,424)
Balance at 30 September 2015	58,803	633	255,414	314,850	1,582	316,432

Previously an amount of \$8,596,000 was classified as Shareholders' contribution, a separate component within the Group's equity. This amount is now reclassified as part of Retained Earnings.

Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Balance at 1 January 2014	58,803	73,044	131,847
Total comprehensive income for the period	-	(2,122)	(2,122)
Dividends	-	(4,835)	(4,835)
Balance at 30 September 2014	58,803	66,087	124,890
Balance at 1 January 2015	58,803	69,338	128,141
Total comprehensive income for the period	-	638	638
Dividends	-	(1,611)	(1,611)
Balance at 30 September 2015	58,803	68,365	127,168

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

State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There is no change in the Company's share capital for the period from 1 January 2015 to 30 September 2015.

There are 44,725,994 outstanding share warrants as at 31 December 2014 which entitle the holders to subscribe for new ordinary shares at the exercise price of S\$0.70 each. These share warrants have expired on 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 30 September 2015 and 31 December 2014.

The total number of issued ordinary shares (excluding treasury shares) as at 30 September 2015 and 31 December 2014 was 268,615,194.

The Company did not issue any preference shares as at 30 September 2015 and 31 December 2014.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 30 September 2015.

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 compared with the audited financial statements for the year ended 31 December 2014 as well as applicable Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2015.

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

Not applicable

6 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					
	3Q2015	3Q2014	Increase	9 Months Ended		
	Cents	Cents	%	2015	2014	Increase
				Cents	Cents	%
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the period						
(a) On a basic basis	1.93	0.23	743.2	2.91	2.82	3.2
(b) On a fully diluted basis	1.93	0.23	743.2	2.91	2.82	3.2

The above have been computed based on 268,615,194 ordinary shares in issue as at 30 September 2015.

**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	
	30-09-15	31-12-14	30-09-15	31-12-14
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	117.21	114.28	47.34	47.70

The above have been computed based on 268,615,194 ordinary shares in issue as at 30 September 2015 and 31 December 2014.

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

Revenue comprises management fee, rental income from investment properties and hotel operations as well as proceeds from the sales of the Group's residential projects.

The Group's revenue for the 9 months ended 30 September 2015 ("9M2015") decreased by 14.9% to \$25.10 million compared to \$29.48 million for the previous corresponding period ended 30 September 2014 ("9M2014") as the Group's overseas project 'The Earlington' was substantially completed and recognised during the 2014 financial year. This was mainly due to lower contribution from residential projects in 9M2015 of \$9.31 million as compared to 9M2014 of \$21.45 million. Revenue from investment properties and hotel operations in 9M2015 increased by \$6.64 million mainly due to newly acquired properties, Adam House and Hotel ibis Styles London Kensington in London which commenced operations in 4Q2014.

Cost of properties sold in 9M2015 decreased by 62.4% over 9M2014 as a result lower revenue contribution from residential projects.

Personnel expenses increased by 51.2% to \$4.32 million in 9M2015 as a result of increase in headcounts following the commencement of operations of Adam House and Hotel ibis Styles London Kensington in London.

Other operating expenses decreased by 7.2% from \$7.47 million to \$6.93 million in 9M2015. This was mainly due to (i) significant expenses incurred in 9M2014 pertaining to sales and marketing expenses of \$2.31 million for residential projects, Onze@Tanjong Pagar and Earlington and expenses of \$1.07 million incurred for the \$60.0 million bond issued in HY2014; (ii) additional operating expenses of approximately \$1.40 million incurred in 9M2015 for newly acquired properties, Adam House and Hotel ibis Styles London Kensington.

Finance expenses increased to \$11.60 million in 9M2015 from \$7.72 million in 9M2014. This was mainly due higher bond interest expense as a result of the additional bond issue of \$60.00 million drawdown in June 2014 as well as loan interest for newly-acquired properties Adam House and Hotel ibis Styles London Kensington.

Finance income rose by 57.7% from \$2.74 million to \$4.32 million, mainly due to an increase in interest-bearing advances made to associated companies in 9M2015 as compared to 9M2014.

Share of profits from associated companies/joint venture companies increased by 231.7% to \$23.20 million in 9M2015. This was mainly attributed to progressive profit recognition of the various residential projects under the Group's associated companies as well as fair value gain from Sun Plaza of approximately \$12.50 million after the completion of its refurbishment in 2Q2015.

The Group made a provision of \$16.00 million for foreseeable losses in development properties in 2Q2015.

Income tax expense increased from \$717,000 to \$1.60 million in 9M2015, consistent with the increase in profit before tax as compared to 9M2014.

Taking into account the above factors, the Group recorded a 3.7% increase in net profit after tax to \$7.36 million for 9M2015, compared to \$7.10 million recorded in 9M2014.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$103.63 million mainly comprised the freehold hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, United Kingdom; and (iii) the newly acquired property at Glenthorne Road, London, United Kingdom of approximately \$31.32 million in 1Q2015.

Investment properties amounting to \$174.36 million mainly comprised Tampines Mart, The Woodgrove and Adam House.

The increase in associated companies and joint venture companies was mainly due to share of results of associated companies/joint venture companies of \$23.20 million during 9M2015.

Development properties decreased slightly from \$210.69 million to \$208.69 million in 9M2015 mainly due to the provision for foreseeable losses of \$16.00 million, offset by the acquisition of development property at New York Road, Leeds, United Kingdom in 3Q2015 of approximately \$16.30 million and sales proceeds collected from Onze @ Tanjong Pagar residential project.

Fixed deposits decreased from \$20.04 million to \$7.10 million in 9M2015 mainly due to funds utilised for the acquisition of the properties at Glenthorne Road, London and New York Road, Leeds, both in United Kingdom.

Trade payables increased by \$1.12 million from \$5.94 million due to increase in account payables for development properties.

Total bank term loans and short-term bank loans increased from \$260.06 million to \$275.68 million as at 30 September 2015 mainly as a result of loan drawdown relating to Adam House.

Amounts due to non-controlling interests of \$31.98 million represents loans from non-controlling interest for the overseas projects.

Commentary on the Cash Flow Statements

Cash and cash equivalents decreased by \$14.67 million in 9M2015 because the following major cash outflows exceed cash inflows during the period:

Cash outflows:

- net cash outflow of \$34.28 million for the acquisition of fixed assets, mainly the property at Glenthorne Road in London;
- net cash used in operating activities of \$6.53 million partly due to the increase in development properties of \$14.00 million in 9M2015;
- dividends paid of \$1.61 million.

Cash inflows:

- proceeds from bank loans of \$14.34 million; and
- additional loans from non-controlling interest of \$13.66 million.

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

The actual results for the third quarter and nine months ended 30 September 2015 of the Group are in line with the statement made in paragraph 10 of the results announcement for the half year ended 30 June 2015.

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 short term outlook of the Singapore property market remains challenging. According to the data released by URA on 23 October 2015, the prices of private residential properties had further decreased by 1.3% in 3Q2015 for the eighth consecutive quarter. Going forward, the Group expects based on Government's recent announcement, the various property cooling measures to remain and this will continue to have an impact on the industry.

The expected further increases in interest rates may affect the sentiments of the local property market. Nonetheless, the Group remains cautiously optimistic of the longer term prospects of the Singapore property market and will continue to seek suitable property development projects within the country.

The Group had launched two joint venture development projects earlier this year – Westwood Residences and High Park Residences. These developments are expected to have a positive effect on the Group's financial performance beyond FY2015.

Additionally, revenue contribution from the Group's investment properties had increased in 3Q2015. This was due to the Group's suburban retail mall, Sun Plaza, being fully operational after the completion of its asset enhancement program. Similarly, the Group also saw additional revenue contribution from its serviced office building, Adam House, and Hotel ibis Styles London Kensington, which had commenced full operations since 4Q2014.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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

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

14 Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the nine months ended 30 September 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Toh Giap Eng
CEO & Managing Director
11 November 2015

Low Yee Khim
COO & Executive Director