



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR YEAR ENDED 31 DECEMBER 2018

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 FULL YEAR ENDED 31 DECEMBER 2018

	Group		
	Year Ended 31 December		
	2018	2017	Increase /
	S\$'000	(restated) S\$'000	(Decrease) %
Revenue	55,078	57,131	(3.6)
Cost of properties sold	(21,080)	(29,531)	(28.6)
Other operating income	7,617	4,513	68.8
Personnel expenses	(11,203)	(11,172)	0.3
Depreciation of fixed assets	(2,354)	(1,565)	50.4
Other operating expenses	(19,383)	(15,672)	23.7
Gain on disposal of a joint venture company	-	27,980	n.m
Profit from operations	8,675	31,684	(72.6)
Finance expenses	(17,573)	(12,647)	38.9
Finance income	8,049	6,580	22.3
Share of results of associated companies/joint venture companies	14,060	14,302	(1.7)
Gain from fair value adjustment of investment properties	6,000	37,076	(83.8)
Profit before tax	19,211	76,995	(75.0)
Income tax expense	(3,006)	(1,557)	93.1
Profit for the year, net of tax	16,205	75,438	(78.5)
Other comprehensive income			
<u>Item that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	(5,254)	911	n.m
Other comprehensive (expense)/income for the year, net of tax	(5,254)	911	n.m
Total comprehensive income for the year	10,951	76,349	(85.7)
Profit/(loss) attributable to:			
Owners of the parent	17,625	74,800	(76.4)
Non-controlling interests	(1,420)	638	n.m
	16,205	75,438	(78.5)
Total comprehensive income/(expense) attributable to:			
Owners of the parent	12,706	75,727	(83.2)
Non-controlling interests	(1,755)	622	n.m
	10,951	76,349	(85.7)

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		
	31/12/2018	31/12/2017	1/1/2017	31/12/2018	31/12/2017	1/1/2017
		(restated)	(restated)		(restated)	(restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Current Assets						
Fixed assets	216,905	137,291	120,338	396	574	577
Investment properties	164,810	160,095	170,050	-	-	-
Subsidiaries	-	-	-	24,583	24,583	24,583
Associated companies	26,193	68,311	70,348	-	-	-
Joint venture companies	116,369	99,876	81,577	5,000	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	149,632	164,897	124,361	-	-	-
Intangible assets	109	109	109	-	-	-
Other receivables	18,000	22,000	4,000	4,000	4,000	4,000
	692,018	652,579	570,783	33,979	34,157	34,160
Current assets						
Development properties	32,070	53,168	80,356	16,109	37,583	87,936
Contract assets	-	-	23,463	-	-	-
Investment property held for sale	-	51,700	-	-	-	-
Trade receivables	1,267	7,780	794	261	6,737	-
Other receivables	52,284	25,929	20,799	20,617	17,524	14,855
Prepayments	2,171	1,294	1,488	1,526	850	248
Amounts due from subsidiaries (non-trade)	-	-	-	306,495	227,550	178,572
Amounts due from related parties (trade)	12	12	14	-	-	-
Amounts due from associated companies and joint venture companies (non-trade)	845	401	333	263	33	33
Amounts due from associated companies and joint venture companies (trade)	-	162	339	-	-	-
Fixed deposits	22,039	3,735	654	21,887	3,583	505
Cash and bank balances	52,920	22,889	27,114	28,092	4,890	13,436
	163,608	167,070	155,354	395,250	298,750	295,585
Current Liabilities						
Trade payables	2,892	3,820	6,769	1,550	2,490	4,615
Other payables and accruals	13,431	17,498	6,896	5,420	3,933	3,037
Derivative financial instrument	-	74	149	-	-	-
Amounts due to subsidiaries (non-trade)	-	-	-	111,022	88,399	60,237
Finance lease obligations	76	76	76	50	50	50
Bonds	-	-	58,750	-	-	58,750
Short-term bank loans	-	11,500	14,000	-	11,500	14,000
Bank term loans	104,131	82,421	120,713	-	-	58,745
Income tax payable	3,560	3,887	1,955	431	1,873	278
	124,090	119,276	209,308	118,473	108,245	199,712
Net current assets/(liabilities)	39,518	47,794	(53,954)	276,777	190,505	95,873
Non-current liabilities						
Other payables and accruals	1,024	960	1,043	-	-	-
Finance lease obligations	119	192	264	92	142	192
Amounts due to associated companies and joint venture companies (non-trade)	27,914	54,476	43,660	16,670	16,283	15,508
Amounts due to non-controlling interests (non-trade)	60,852	34,091	27,156	-	-	-
Bonds	193,000	75,000	-	193,000	75,000	-
Bank term loans	26,833	122,655	103,846	-	24,000	-
Deferred tax liabilities	911	867	3,125	19	32	2,309
	(310,653)	(288,241)	(179,094)	(209,781)	(115,457)	(18,009)
Net assets	420,883	412,132	337,735	100,975	109,205	112,024
Share capital and reserves						
Share capital	86,624	86,624	86,624	86,624	86,624	86,624
Foreign currency translation reserve	(3,992)	927	-	-	-	-
Retained earnings	336,555	322,182	249,334	14,351	22,581	25,400
	419,187	409,733	335,958	100,975	109,205	112,024
Non-controlling interests	1,696	2,399	1,777	-	-	-
Total equity	420,883	412,132	337,735	100,975	109,205	112,024

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

Amount repayable in one year or less, or on demand

As at 31/12/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
104,207	-	89,997	4,000

Amount repayable after one year

As at 31/12/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
26,952	193,000	122,847	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 FULL YEAR ENDED CASH FLOW STATEMENTS

	Group	
	2018 \$'000	2017 (restated) \$'000
Cash flows generated from operating activities		
Profit before tax	19,211	76,995
Adjustments for:		
Depreciation of fixed assets	2,354	1,565
Gain on disposal of investment property	(4,150)	-
Gain on disposal of fixed assets	(25)	-
Fair value gain on derivatives financial instruments	(74)	(75)
Gain from fair value adjustment of investment properties	(6,000)	(37,076)
Share of results of associated companies/joint venture companies	(14,060)	(14,302)
Impairment loss on other receivables	-	1,000
Interest expense	17,573	12,647
Interest income	(8,049)	(6,580)
Gain on disposal of a joint venture company	-	(27,980)
Unrealised exchange differences	2,068	(223)
Operating cash flows before changes in working capital	8,848	5,971
Decrease in development properties	19,477	48,052
Decrease/(increase) in trade receivables	6,480	(6,975)
Increase in other receivables	(10,181)	(2,151)
Increase in prepayments	(898)	(403)
Decrease in trade payables	(886)	(2,974)
Increase in other payables and accruals	5,741	9,189
Increase in amounts due from related parties, net	-	2
Cash flows from operations	28,581	50,711
Interest received	8,049	6,580
Interest paid, excluding amounts capitalised	(17,573)	(12,647)
Income taxes paid	(3,209)	(1,898)
Net cash from operating activities	15,848	42,746

UNAUDITED FULL YEAR ENDED CASH FLOW STATEMENTS (CONTINUED)

	Group	
	2018	2017
	\$'000	\$'000 (restated)
Cash flows from investing activities		
Proceeds from sale of fixed assets	25	-
Purchase of fixed assets	(87,760)	(14,245)
Addition to investment properties	-	(3,556)
Deposit on purchase of fixed assets	(17,030)	-
Proceeds from disposal of investment property held for sale	50,265	-
Net repayment of loan from/(Net loan to) associated companies and joint venture companies	28,340	(38,982)
Proceeds from disposal of a joint venture company	-	15,000
Net cash used in investing activities	(26,160)	(41,783)
Cash flows from financing activities		
Repayment of lease obligations, net	(73)	(72)
Proceeds from bank loans	-	61,253
Repayment of bank loans	(83,559)	(84,395)
Increase in loan from non-controlling interests	28,667	6,637
Proceeds from bond issue	118,000	75,000
Repayment of bond	-	(58,750)
Dividends paid on ordinary shares of the Company	(3,252)	(1,952)
Net cash from/(used in) financing activities	59,783	(2,279)
Net increase/(decrease) in cash and cash equivalents	49,471	(1,316)
Effect of exchange rate changes on cash and cash equivalents	(1,136)	172
Cash and cash equivalents at beginning of year	26,624	27,768
Cash and cash equivalents at end of year	74,959	26,624

Note: Cash and cash equivalents

	Group	
	2018	2017
	\$'000	\$'000
Fixed deposits	22,039	3,735
Cash and bank balances	52,920	22,889
Cash and cash equivalents	74,959	26,624

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						Total Equity S\$'000
	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Asset Revaluation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	
Balance at 1 January 2017	86,624	(9,344)	2,768	263,765	343,813	1,777	345,590
Effects of adoption of SFRS(I) 1 and SFRS(I) 15	-	9,344	(2,768)	(14,431)	(7,855)	-	(7,855)
Balance at 1 January 2017 (restated)	86,624	-	-	249,334	335,958	1,777	337,735
Profit for the year	-	-	-	74,800	74,800	638	75,438
Other comprehensive income	-	-	-	-	-	-	-
- Foreign currency translation	-	927	-	-	927	(16)	911
Total comprehensive income for the year	-	927	-	74,800	75,727	622	76,349
Dividends	-	-	-	(1,952)	(1,952)	-	(1,952)
Balance at 31 December 2017 (restated)	86,624	927	-	322,182	409,733	2,399	412,132
Balance at 1 January 2018	86,624	(8,417)	2,768	332,806	413,781	2,399	416,180
Effects of adoption of SFRS(I) 1 and SFRS(I) 15	-	9,344	(2,768)	(10,624)	(4,048)	-	(4,048)
Balance at 1 January 2018 (restated)	86,624	927	-	322,182	409,733	2,399	412,132
Profit for the year	-	-	-	17,625	17,625	(1,420)	16,205
Other comprehensive income	-	-	-	-	-	-	-
- Foreign currency translation	-	(4,919)	-	-	(4,919)	(335)	(5,254)
Total comprehensive income for the year	-	(4,919)	-	17,625	12,706	(1,755)	10,951
Dividends	-	-	-	(3,252)	(3,252)	-	(3,252)
Acquisition of subsidiaries	-	-	-	-	-	1,052	1,052
Balance at 31 December 2018	86,624	(3,992)	-	336,555	419,187	1,696	420,883

Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Balance at 1 January 2017	86,624	28,371	114,995
Effects of adoption of SFRS(I) 1 and SFRS(I) 15	-	(2,971)	(2,971)
Balance at 1 January 2017 (restated)	86,624	25,400	112,024
Total comprehensive expense for the year	-	(867)	(867)
Dividends	-	(1,952)	(1,952)
Balance at 31 December 2017	86,624	22,581	109,205
Balance at 1 January 2018	86,624	24,252	110,876
Effects of adoption of SFRS(I) 1 and SFRS(I) 15	-	(1,671)	(1,671)
Balance at 1 January 2018 (restated)	86,624	22,581	109,205
Total comprehensive expense for the year	-	(4,978)	(4,978)
Dividends	-	(3,252)	(3,252)
Balance at 31 December 2018	86,624	14,351	100,975

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 2018 to 31 December 2018.

There are no outstanding convertible securities as at 31 December 2018 and 31 December 2017.

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 2018 and 31 December 2017.

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2018 and 31 December 2017 was 325,156,492.

The Company did not issue any preference shares as at 31 December 2018 and 31 December 2017.

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 2018.

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

Except as disclosed in Note 5, the financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements.

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

The Group has adopted the following new accounting standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning on or after 1 January 2018.

Adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the financial period ended 31 March 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group also concurrently applied SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. On transition to the new financial reporting framework, the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group reclassified an amount of \$9.34 million of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

The Group has also elected to measure its freehold and leasehold land and buildings using the cost model and use the previous revaluation of its freehold and leasehold land and buildings as deemed cost at the date of the revaluation. As a result, the Group reclassified \$2.77 million of asset revaluation reserve to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above, the adoption of SFRS(I) did not result in other substantial change to the Group's accounting policies as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I). The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.

Adoption of SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces the previous Singapore Financial Reporting Standards FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Development properties

Before 1 January 2018, the Group and its joint venture and associated companies recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of the residential and mixed use developments, performance obligations for the sale of development properties are satisfied over time where the Group and its joint venture and associated companies are restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

Before 1 January 2018, the Group and its joint venture and associated companies recognised finance costs incurred on the development cost of development properties on a percentage of completion method multiplied by the individual projects' percentage of sales. Under SFRS(I) 15, these costs will be recognised using the percentage of sales method, resulting in a distortion in the recognition of such costs.

Sales commissions paid to sales or marketing agents on the sale of real estate units

Before 1 January 2018, the Group and its joint venture and associated companies paid commissions to property agents on the sale of property and recognised such commissions as expense when incurred. Under SFRS(I) 15, such commissions are capitalised as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the related revenue are recognised.

Significant financing component for sale of development properties under deferred payment scheme

The consideration for sale of development properties under the deferred payment scheme is received over a period of more than 12 months from the delivery of the vacant possession of unit to the buyer. The timing of payments agreed to by the parties to such contracts provides the customer with a significant financing benefit. Under SFRS(I) 15, the transaction price for sale of development properties under the deferred payment scheme is adjusted for the effects of the time value of money.

Borrowing Costs Relating to Development Property

In November 2018, IFRS Interpretations Committee issued a tentative agenda decision where it presented its views that borrowing costs relating to the construction of a residential multi-unit real estate development that is ready for its intended use or sale should not be capitalised but should instead, be expensed when incurred. The tentative agenda decision is currently not finalised but if it were to be finalised in the current form, it will be an adjusting event for the Group's financials. In consideration of this tentative decision, management has adopted this interpretation of capitalizing borrowing costs up till the development projects are ready for its intended sale, with subsequent borrowing costs expensed as incurred.

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively.

The following reconciliations summarise the impact on adoption of SFRS(I) 1 and SFRS(I) 15 on the Group's financial statements.

UNAUDITED BALANCE SHEETS

	As at 31-12-2017			
	As previously reported \$'000	Adoption of SFRS(I) 1 \$'000	Adoption of SFRS(I) 15 \$'000	As restated \$'000
Associated companies	69,926	-	(1,615)	68,311
Joint venture companies	99,427	-	449	99,876
Amounts due from associated companies and joint venture companies	166,108	-	(1,211)	164,897
Total non-current assets	654,956	-	(2,377)	652,579
Development properties	54,839	-	(1,671)	53,168
Total current assets	168,741	-	(1,671)	167,070
Total assets	823,697	-	(4,048)	819,649
Share capital	86,624	-	-	86,624
Retained earnings	332,806	(6,576)	(4,048)	322,182
Foreign currency translation reserve	(8,417)	9,344	-	927
Asset revaluation reserve	2,768	(2,768)	-	-
	413,781	-	(4,048)	409,733
Non-controlling interests	2,399	-	-	2,399
Net assets / total equity	416,180	-	(4,048)	412,132

	As at 01-01-2017			
	As previously reported \$'000	Adoption of SFRS(I) 1 \$'000	Adoption of SFRS(I) 15 \$'000	As restated \$'000
Associated companies	73,458	-	(3,110)	70,348
Joint venture companies	82,140	-	(563)	81,577
Amounts due from associated companies and joint venture companies	125,572	-	(1,211)	124,361
Total non-current assets	575,667	-	(4,884)	570,783
Development properties	106,790	-	(2,971)	103,819
Total current assets	158,325	-	(2,971)	155,354
Total assets	733,992	-	(7,855)	726,137
Share capital	86,624	-	-	86,624
Retained earnings	263,765	(6,576)	(7,855)	249,334
Foreign currency translation reserve	(9,344)	9,344	-	-
Asset revaluation reserve	2,768	(2,768)	-	-
	343,813	-	(7,855)	335,958
Non-controlling interests	1,777	-	-	1,777
Net assets / total equity	345,590	-	(7,855)	337,735

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		
	2018 Cents	2017 Cents	Increase %
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the year			
(a) On a basic basis	5.42	23.00	(76.4)
(b) On a fully diluted basis	5.42	23.00	(76.4)

The above have been computed based on 325,156,492 ordinary shares in issue as at 31 December 2018 and 31 December 2017.

**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	
	31/12/2018 Cents	31/12/2017 Cents	31/12/2018 Cents	31/12/2017 Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	128.92	126.01	31.05	33.59

The above have been computed based on 325,156,492 ordinary shares in issue as at 31 December 2018 and 31 December 2017.

- 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 as well as proceeds from the sales of the Group's residential projects.

The Group's revenue for the year ended 31 December 2018 ("FY2018") decreased by 3.6% to \$55.08 million compared to \$57.13 million for the previous year ended 31 December 2017 ("FY2017"). The decrease is attributed to following significant items:

- (i) decrease in sale revenue of \$5.50m from residential project, Onze@Tanjong Pagar as this project was substantially sold in the previous year;
- (ii) decrease in rental revenue of \$1.95 million as one of the investment properties, The Woodgrove was sold in February 2018; and offset by
- (iii) increase in hotel operation income of \$4.77 million which is mainly attributable to full year revenue contribution from the Luma Concept Hotel Hammersmith London which commenced operation from April 2017 and the newly acquired hotels in FY2018, Indigo Hotel in Glasgow, Scotland, Smile Hotel Asakusa in Tokyo, Japan and Stewart Aparthotel in Edinburgh, Scotland.

Cost of properties sold in FY2018 and FY2017 relates to residential project, Onze@Tanjong Pagar, and the decrease in FY2018 is in line with the lower revenue recognised.

Other operating income increased by \$3.10 million to \$7.62 million in FY2018 mainly due to the gain of \$4.15 million recorded in 1Q2018 on disposal of investment property, The Woodgrove. This is offset by a one-time gain of \$1.82 million recorded in 3Q2017 due to forfeiture of deposits paid for the purchase of certain units at the Onze@Tanjong Pagar project which was subsequently aborted.

Depreciation of fixed assets increased by \$0.79 million to \$2.35 million in FY2018 mainly due to higher depreciation charge for the new hotels, Luma Concept Hotel Hammersmith London and Smile Hotel Asakusa in Tokyo Japan.

Other operating expenses increased to \$19.38 million in FY2018 from \$15.67 million in FY2017 as a result of the following factors: (i) increase in operating expenses of \$1.43 million following the acquisition of Indigo Hotel in Glasgow in October 2018; (ii) increase in operating expenses of \$1.06 million following the launch of Luma Concept Hotel Hammersmith London in April 2017 and (iii) increase in expenses for the issuance of the fixed rate 3.5-year bond of \$0.5 million.

Gain on disposal of a joint venture company of \$27.98 million in FY2017 came about from the disposal of Buildhome Pte. Ltd. which owned the residential project, The Lumos.

Finance expenses increased by \$4.93 million to \$17.57 million in FY2018 mainly due to higher interest expense during FY2018 following the bonds issue of \$118.00 million at the coupon rate of 6.08% per annum in January 2018.

Finance income increased by \$1.47 million to \$8.05 million in FY2018 due to increase in interest-bearing loans made to associated companies and joint venture companies.

Share of profits from associated companies and joint venture companies decreased by 1.7% to \$14.06 million in FY2018 from \$14.30 million in FY2017. This was mainly attributed the share of losses on expenses incurred for new residential projects Park Colonial and Affinity@Serangoon; offset by increase in progressive profit recognition of fully sold residential project, High Park Residences.

The Group recorded a \$6.00 million fair value gain in FY2018 from its investment properties, Tampines Mart and 62 Sembawang Road. In FY2017, the Group recorded a \$37.08 million fair value gain from its investment properties, (i) \$11.00 million from Tampines Mart, (ii) \$19.79 million from The Woodgrove and (iii) \$6.57 million from Adam House in London.

Taking into account all the above factors, the Group recorded a net profit after tax of \$16.21 million for FY2018, compared to a net profit after tax of \$75.44 million recorded in FY2017.

The Group recorded a significant foreign currency translation difference of \$5.25 million mainly from its United Kingdom-based investments as a result of the drop on the value of the Sterling Pound during the year.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$216.91 million comprised mainly hotel properties. The increase of \$79.61 million in FY2018 was due to the acquisition of Indigo Hotel in Glasgow, Scotland of \$16.95 million; Smile Hotel Asakusa in Tokyo, Japan of \$34.43 million and Stewart Aparthotel in Edinburgh, Scotland of \$12.01 million; and investment costs for development of Hampton by Hilton in Leeds, UK of \$18.29 million.

Investment in associated and joint venture companies decreased to \$142.56 million in FY2018 from \$168.19 million mainly due to dividends received from associated companies, offset by the share of the results of associated and joint venture companies during FY2018.

Amounts due from associated companies and joint venture companies decreased to \$149.63 million in FY2018 from \$164.90 million mainly due to repayment of loans from associated companies.

Development properties decreased from \$53.17 million to \$32.07 million in FY2018 due to recognition of sales and cost of sales of development project, Onze@Tanjong Pagar.

Investment property held for sale refer to The Woodgrove, the disposal of which was completed in February 2018.

Trade receivables decreased to \$1.27 million in FY2018 from \$7.78 million mainly due to the receipt of sales proceeds from Onze@Tanjong Pagar.

Total other receivables increased by \$22.35 million in FY2018 mainly due to deposits for acquisition of hotel properties of \$17.03 million and value-added tax: claimable on the purchase and development of hotel property of \$5.81 million. Included in other receivables are Senior and Promissory Notes receivables totally \$36 million (2017: \$36 million) following the Group's disposal of a joint venture company and subsidiary company.

Prepayments increased to \$2.17 million in FY2018 mainly due to prepaid expenses for the issuance of the fixed rate 3.5-year bond of \$118.00 million in January 2018.

Fixed deposits, cash and bank balances totalled \$74.96 million in FY2018 compared to \$26.62 million in FY2017. The increase is due to cash management of the proceeds from the sale of The Woodgrove as well as the \$118.00 million bond issued in January 2018.

Other payables and accruals decreased by \$4.00 million from \$18.46 million due to the utilisation of deposit received for the disposal of The Woodgrove of \$5.98 million upon completion in February 2018; offset by higher accruals for interest on the bonds.

Total bank term loans and short-term bank loans decreased from \$216.58 million in FY2017 to \$130.96 million in FY2018 mainly due to repayment of short-term bank loans and bank term loans from sales proceeds from the disposal of The Woodgrove and Onze@Tanjong Pagar, as well as new funds raised from the \$118.00 million bond issued in January 2018.

Amounts due to associated companies and joint venture companies decreased by \$26.56 million in FY2018 from \$54.48 million mainly due to payments made to associated companies and joint venture companies.

Amounts due to non-controlling interests represent loans from non-controlling interests for various overseas projects. The increase of \$26.76 million to \$60.85 million in FY2018 is mainly attributable to deposits or payments made for new property acquisitions.

In January 2018, the Group issued a fixed rate 3.5-year bond of \$118.00 million at coupon rate of 6.08% per annum as part of its Multicurrency Debt Issuance Programme. The bonds will mature in July 2021. The net proceeds will be used for general working capital and corporate funding, including financing investments and refinancing of existing indebtedness of the Group.

Commentary on the Cash Flow Statements

The increase in cash and cash equivalents of \$49.47 million in FY2018 can be attributed to the following major cash inflows and outflows during the year:

Cash inflows:

- net cash inflows from operating activities of \$15.85 million;
- proceeds from bond issuance of \$118.00 million;
- proceeds from disposal of investment property held for sale of \$50.27 million;
- proceeds from non controlling interests mainly to fund various overseas projects of \$28.67 million; and
- net repayment of loans from associated and joint venture companies of \$28.34 million.

Cash outflows:

- deposit for purchase of fixed assets of \$17.03 million;
- net cash outflow of \$87.76 million for the additions to fixed assets comprising mainly of 3 new hotel acquisitions, Smile Hotel Asakusa in Tokyo, Japan and Stewart Aparthotel in Edinburgh and Indigo Hotel in Glasgow, Scotland as well as construction costs incurred for the development of Hampton by Hilton in Leeds,
- dividends paid on ordinary shares of the Company of \$3.25 million; and
- repayment of bank loans of \$83.56 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 2018 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 2018.

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 sentiments in the local residential property market remain competitive and weak as reflected by the latest official statistics released by Urban Redevelopment Authority ("URA") on 25th January 2019. Developers only sold 1,836 units in 4Q2018, compared with the 3,012 units sold in 3Q2018. For the whole of 2018, 8,795 private residential units were sold compared with 10,566 units in 2017.

The Group currently has 3 on-going joint venture projects in Singapore. They are performing to expectation despite the many challenges created by the residential cooling measures - the most recent being in July 2018. The Group remains cautious but not deterred on the long term prospects of the local property market and will continue to monitor the residential market closely.

The Group's key markets in its hospitality segment continue to be resilient and growing. The Group has increased the number of operating hotels to 11 - located across the United Kingdom, Japan and Thailand. Seven of these hotels are managed by Heaton Hospitality. We are exploring the key ASEAN markets as well.

The Group will continue to look out for opportunities and acquisition to manage and grow its Development, Hospitality and Investment segments.

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)	0.60 cents per share (1-Tier tax exempt)
Tax Rate	Nil

Name of Dividend	Special Dividend
Dividend Type	Cash
Dividend Amount per Shares (in Cents)	0.40 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 and the reasons for the decision.
- 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 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.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

- 15 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

<u>Year ended 31 December 2018</u>	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	11,558	24,208	1,715	17,597	-	55,078
Intersegment revenue	867	-	4,726	5,768	(11,361)	-
Total revenue	12,425	24,208	6,441	23,365	(11,361)	55,078
Results:						
Interest income	-	-	31,109	-	(23,060)	8,049
Interest expense	(2,600)	(246)	(34,745)	(2,734)	22,752	(17,573)
Gain from fair value adjustment of investment properties	6,000	-	-	-	-	6,000
Depreciation of fixed assets	(98)	-	(324)	(1,932)	-	(2,354)
Share of results of associated companies/joint venture companies	6,465	7,762	-	(167)	-	14,060
Segment profit/(loss) before tax	18,513	10,019	(9,572)	559	(308)	19,211
Assets:						
Investment in associated companies and joint venture companies	89,889	38,598	-	14,075	-	142,562
Additions to non-current assets	-	5	(53)	87,808	-	87,760
Segment assets	187,231	156,103	907,423	315,662	(710,793)	855,626
Segment liabilities	112,965	30,242	958,789	106,204	(773,457)	434,743
<u>Year ended 31 December 2017</u> <u>(restated)</u>	Property Investment \$'000	Property Development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
Revenue:						
Sales to external customers	13,390	29,791	1,120	12,830	-	57,131
Intersegment revenue	854	-	4,390	4,300	(9,544)	-
Total revenue	14,244	29,791	5,510	17,130	(9,544)	57,131
Results:						
Interest income	-	-	27,706	-	(21,126)	6,580
Interest expense	(3,120)	(1,616)	(25,764)	(2,706)	20,559	(12,647)
Gain from fair value adjustment of investment properties	37,076	-	-	-	-	37,076
Depreciation of fixed assets	(108)	-	(307)	(1,150)	-	(1,565)
Gain on disposal of joint venture	-	27,980	-	-	-	27,980
Share of results of associated companies/joint venture companies	8,251	6,624	-	(573)	-	14,302
Segment profit/(loss) before tax	51,712	32,657	(5,859)	(948)	(567)	76,995
Assets:						
Investment in associated companies and joint venture companies	86,375	67,520	-	14,292	-	168,187
Additions to non-current assets	103	-	235	13,907	-	14,245
Segment assets	232,545	205,272	643,690	187,076	(448,934)	819,649
Segment liabilities	140,058	81,898	639,114	92,068	(545,621)	407,517

16 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 item 8 above.

17 A breakdown of sales

		FY2018	FY2017 (restated)	% increase / (decrease)
		\$'000	\$'000	
a	Sales reported for first half year	24,378	34,439	(29.21)
b	Operating profit after tax and before deducting non-controlling interests for first half year	12,637	13,756	(8.13)
c	Sales reported for second half year	30,700	22,692	35.29
d	Operating profit after tax and before deducting non-controlling interests for second half year	3,568	61,682	(94.22)

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

	FY2018 \$'000	FY2017 \$'000
Declared and paid during the financial year:		
- Final exempt (one-tier) dividend of 0.60 cents (2017: 0.60 cents) per share and special dividend of 0.40 cents (2017: nil) per share	3,252	1,952
Proposed but not recognised as a liability as at 31 December:		
- Final exempt (one-tier) dividend of 0.60 cents (2017: 0.60 cents) per share and special dividend of nil (2017: 0.40 cents) per share	1,952	3,252

19 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
Executive Deputy Chairman
22 February 2019

Teng Heng Chew Eric
CEO & Executive Director