Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the Group".

**HEETON HOLDINGS LIMITED**
Co. Reg. No. 197601387M

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SIX MONTHS ENDED 30 JUNE 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 SECOND QUARTER AND HALF-YEAR ENDED 30 JUNE 2018**

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 2Q2018 | 2Q2017 | Increase / (Decrease) | HY2018 | HY2017 | Increase / (Decrease) |
| | | (Restated) | | | (Restated) | |
| | S$'000 | S$'000 | % | S$'000 | S$'000 | % |
| Revenue | 12,590 | 18,949 | (33.6) | 24,378 | 34,439 | (29.2) |
| Cost of properties sold | (5,084) | (10,927) | (53.5) | (9,951) | (19,159) | (48.1) |
| Other operating income | 1,177 | 741 | 58.8 | 5,995 | 1,447 | 314.3 |
| Personnel expenses | (2,765) | (2,243) | 23.3 | (5,276) | (4,370) | 20.7 |
| Depreciation of fixed assets | (311) | (96) | 224.0 | (779) | (217) | 259.0 |
| Other operating expenses | (5,755) | (4,455) | 29.2 | (8,360) | (6,975) | 19.9 |
| Finance expenses | (4,117) | (3,045) | 35.2 | (8,753) | (5,983) | 46.3 |
| Finance income | 2,698 | 768 | 251.3 | 4,635 | 1,562 | 196.7 |
| Share of results of associated companies/joint venture companies | 3,348 | 4,504 | (25.7) | 6,804 | 6,893 | (1.3) |
| Gain from fair value adjustments of investment properties | 5,000 | 7,800 | (35.9) | 5,000 | 7,800 | (35.9) |
| Profit before tax | 6,781 | 11,996 | (43.5) | 13,693 | 15,437 | (11.3) |
| Income tax expense | (589) | (1,037) | (43.2) | (1,056) | (1,681) | (37.2) |
| Profit for the period, net of tax | 6,192 | 10,959 | (43.5) | 12,637 | 13,756 | (8.1) |
| **Other comprehensive income** | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Foreign currency translation | (2,190) | 1,617 | n.m. | (737) | 710 | n.m. |
| Other comprehensive income for the period,net of tax | (2,190) | 1,617 | n.m. | (737) | 710 | n.m. |
| Total comprehensive income for the period | 4,002 | 12,576 | (68.2) | 11,900 | 14,466 | (17.7) |
| Profit attributable to: | | | | | | |
| Owners of the Company | 6,300 | 10,973 | (42.6) | 13,027 | 13,811 | (5.7) |
| Non-controlling interests | (108) | (14) | 671.4 | (390) | (55) | 609.1 |
| | 6,192 | 10,959 | (43.5) | 12,637 | 13,756 | (8.1) |
| Total comprehensive income / (expense) attributable to: | | | | | | |
| Owners of the Company | 4,395 | 12,625 | (65.2) | 12,446 | 14,465 | (14.0) |
| Non-controlling interests | (393) | (49) | 702.0 | (546) | 1 | n.m. |
| | 4,002 | 12,576 | (68.2) | 11,900 | 14,466 | (17.7) |

n.m. : not meaningful

## 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 | |
|---|---|---|---|---|---|
| | 30-06-18 | 31-12-17 (restated) | 01-01-17 (restated) | 30-06-18 | 31-12-17 |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Non-current assets** | | | | | |
| Fixed assets | 141,274 | 137,291 | 120,338 | 483 | 574 |
| Investment properties | 164,918 | 160,095 | 170,050 | - | - |
| Subsidiaries | - | - | - | 24,583 | 24,583 |
| Associated companies | 30,470 | 70,323 | 73,233 | - | - |
| Joint venture companies | 105,792 | 99,737 | 80,220 | 5,000 | 5,000 |
| Amounts due from associated companies and joint venture companies (non trade) | 159,417 | 166,108 | 125,572 | - | - |
| Intangible assets | 109 | 109 | 109 | - | - |
| Other receivables | 22,000 | 22,000 | 4,000 | 4,000 | 4,000 |
| | 623,980 | 655,663 | 573,522 | 34,066 | 34,157 |
| **Current assets** | | | | | |
| Development properties | 45,609 | 54,839 | 106,790 | 29,443 | 39,254 |
| Investment property held for sale | - | 51,700 | - | - | - |
| Trade receivables | 3,111 | 7,780 | 794 | 1,543 | 6,737 |
| Other receivables | 36,812 | 25,929 | 20,799 | 20,499 | 17,524 |
| Prepayments | 2,291 | 1,294 | 1,488 | 1,915 | 850 |
| Amounts due from subsidiaries (non-trade) | - | - | - | 257,770 | 227,550 |
| Amounts due from related parties (trade) | 12 | 12 | 14 | - | - |
| Amounts due from associated companies and joint venture companies (non-trade) | 704 | 401 | 333 | 110 | 33 |
| Amounts due from associated companies and joint venture companies (trade) | - | 162 | 339 | - | - |
| Fixed deposits | 46,637 | 3,735 | 654 | 46,480 | 3,583 |
| Cash and bank balances | 63,987 | 22,889 | 27,114 | 47,255 | 4,890 |
| | 199,163 | 168,741 | 158,325 | 405,015 | 300,421 |
| **Current liabilities** | | | | | |
| Trade payables | 3,756 | 3,820 | 6,769 | 2,564 | 2,490 |
| Other payables and accruals | 13,806 | 17,498 | 6,896 | 5,258 | 3,933 |
| Derivative financial instrument | - | 74 | 149 | - | - |
| Amounts due to subsidiaries (non-trade) | - | - | - | 109,705 | 88,399 |
| Finance lease obligations | 76 | 76 | 76 | 50 | 50 |
| Bonds | - | - | 58,750 | - | - |
| Short-term bank loans | - | 11,500 | 14,000 | - | 11,500 |
| Bank term loans | 18,936 | 82,421 | 120,713 | - | - |
| Income tax payable | 3,229 | 3,887 | 1,955 | 980 | 1,873 |
| | 39,803 | 119,276 | 209,308 | 118,557 | 108,245 |
| **Net current assets/(liabilities)** | 159,360 | 49,465 | (50,983) | 286,458 | 192,176 |
| **Non-current liabilities** | | | | | |
| Other payables and accruals | 981 | 960 | 1,043 | - | - |
| Finance lease obligations | 155 | 192 | 264 | 117 | 142 |
| Amounts due to associated companies and joint venture companies (non-trade) | 27,982 | 54,476 | 43,660 | 16,475 | 16,283 |
| Amounts due to non-controlling interests (non-trade) | 34,609 | 34,091 | 27,156 | - | - |
| Bonds | 193,000 | 75,000 | - | 193,000 | 75,000 |
| Bank term loans | 99,069 | 122,655 | 103,846 | 5,000 | 24,000 |
| Deferred tax liabilities | 970 | 867 | 3,125 | 25 | 32 |
| | (356,766) | (288,241) | (179,094) | (214,617) | (115,457) |
| Net assets | 426,574 | 416,887 | 343,445 | 105,907 | 110,876 |
| **Share capital and reserves** | | | | | |
| Share capital | 86,624 | 86,624 | 86,624 | 86,624 | 86,624 |
| Foreign currency translation reserve | 346 | 927 | - | - | - |
| Retained earnings | 336,712 | 326,937 | 255,044 | 19,283 | 24,252 |
| | 423,682 | 414,488 | 341,668 | 105,907 | 110,876 |
| Non-controlling interests | 2,892 | 2,399 | 1,777 | - | - |
| Total equity | 426,574 | 416,887 | 343,445 | 105,907 | 110,876 |

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

**Amount repayable in one year or less, or on demand**

| As at 30/06/2018 | | As at 31/12/2017 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| S$'000 | S$'000 | S$'000 | S$'000 |
| 19,012 | - | 89,997 | 4,000 |

**Amount repayable after one year**

| As at 30/06/2018 | | As at 31/12/2017 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| S$'000 | S$'000 | S$'000 | S$'000 |
| 99,224 | 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 SECOND QUARTER AND HALF-YEAR CASH FLOW STATEMENTS**

| | Group | | | |
|---|---|---|---|---|
| | **2Q2018** | **2Q2017 (Restated)** | **HY2018** | **HY2017 (Restated)** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Cash flows from operating activities** | | | | |
| Profit before tax | 6,781 | 11,996 | 13,693 | 15,437 |
| Adjustments for: | | | | |
| Depreciation of fixed assets | 311 | 96 | 779 | 217 |
| Gain on disposal of investment property | - | - | (4,150) | - |
| Fair value gain of derivative financial instrument | (74) | (25) | (74) | (44) |
| Share of results of associated companies/joint venture companies | (3,348) | (4,504) | (6,804) | (6,893) |
| Gain from fair value adjustments of investment properties | (5,000) | (7,800) | (5,000) | (7,800) |
| Interest expense | 4,117 | 3,045 | 8,753 | 5,983 |
| Interest income | (2,698) | (768) | (4,635) | (1,562) |
| Unrealised exchange differences | 1,308 | (269) | 544 | (187) |
| Operating cash flows before changes in working capital | 1,397 | 1,771 | 3,106 | 5,151 |
| Decrease in development properties | 4,548 | 15,942 | 9,110 | 39,187 |
| Decrease/(increase) in trade receivables | 548 | (5,285) | 4,658 | (17,922) |
| (Increase)/decrease in other receivables | (10,014) | 3,071 | (10,879) | 518 |
| Decrease/(increase) in prepayments | 143 | (84) | (1,000) | 252 |
| Decrease in trade payables | (3,565) | (1,139) | (59) | (1,324) |
| Increase in other payables and accruals | 2,231 | 302 | 1,927 | 976 |
| Increase in amounts due from related parties, net | (12) | (5) | - | - |
| Increase in amounts due to related parties, net | - | 2 | - | 2 |
| **Cash flows (used in)/from operations** | (4,724) | 14,575 | 6,863 | 26,840 |
| Interest received | 2,698 | 768 | 4,635 | 1,562 |
| Interest paid, excluding amounts capitalised | (4,117) | (3,045) | (8,753) | (5,983) |
| Income taxes paid | (1,607) | (757) | (1,603) | (788) |
| Net cash flows (used in)/from operating activities | (7,750) | 11,541 | 1,142 | 21,631 |

**UNAUDITED SECOND QUARTER AND HALF-YEAR CASH FLOW STATEMENTS (CONT'D)**

| | Group | | | |
|---|---|---|---|---|
| | **2Q2018** | **2Q2017** | **HY2018** | **HY2017** |
| | | **(Restated)** | | **(Restated)** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Cash flows from investing activities** | | | | |
| Additions to fixed assets | (4,134) | (1,686) | (5,572) | (5,561) |
| Proceeds from disposal of investment property held for sale | - | - | 50,265 | - |
| Additions to investment properties | - | (3,556) | - | (3,556) |
| Repayment of loan to investee company | - | (3,101) | - | (3,145) |
| Net repayment of loan from associated companies and joint venture companies | 35,997 | 5,905 | 20,994 | 9,293 |
| Net cash flows generated from/(used in) investing activities | 31,863 | (2,438) | 65,687 | (2,969) |
| **Cash flows from financing activities** | | | | |
| Repayment of finance lease obligations, net | (18) | (18) | (36) | (36) |
| Proceeds from bank loans | - | 24,664 | - | 27,644 |
| Repayment of bank loans | (40,547) | (7,964) | (98,132) | (28,339) |
| Proceeds from bond issue | - | 75,000 | 118,000 | 75,000 |
| Repayment of bonds | - | (58,750) | - | (58,750) |
| Loans from non-controlling interests | 313 | 1,128 | 661 | 2,195 |
| Dividends paid on ordinary shares of the Company | (3,252) | (1,952) | (3,252) | (1,952) |
| Net cash flows (used in)/from financing activities | (43,504) | 32,108 | 17,241 | 15,762 |
| **Net (decrease)/increase in cash and cash equivalents** | (19,391) | 41,211 | 84,070 | 34,424 |
| Effect of exchange rate changes on cash and cash equivalents | (293) | 387 | (70) | 153 |
| **Cash and cash equivalents at beginning of period** | 130,308 | 20,747 | 26,624 | 27,768 |
| **Cash and cash equivalents at end of period** | 110,624 | 62,345 | 110,624 | 62,345 |

**Note: Cash and cash equivalents**

| | Group | | | |
|---|---|---|---|---|
| | **2Q2018** | **2Q2017** | **HY2018** | **HY2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Fixed deposits | 46,637 | 4,093 | 46,637 | 4,093 |
| Cash and bank balances | 63,987 | 58,252 | 63,987 | 58,252 |
| Cash and cash equivalents | 110,624 | 62,345 | 110,624 | 62,345 |

**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**

| | Attributable to equity holders of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| **Group** | **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** | **Total Equity 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 SFR(I) 15 | - | 9,344 | (2,768) | (8,721) | (2,145) | - | (2,145) |
| Balance at 1 January 2017 (restated) | 86,624 | - | - | 255,044 | 341,668 | 1,777 | 343,445 |
| Profit for the period | - | - | - | 13,811 | 13,811 | (55) | 13,756 |
| Other comprehensive income | | | | | | | |
| - Foreign currency translation | - | 654 | - | - | 654 | 56 | 710 |
| Total comprehensive income for the period | - | 654 | - | 13,811 | 14,465 | 1 | 14,466 |
| Dividends | - | - | - | (1,952) | (1,952) | - | (1,952) |
| Balance at 30 June 2017 (restated) | 86,624 | 654 | - | 266,903 | 354,181 | 1,778 | 355,959 |
| 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 SFR(I) 15 | - | 9,344 | (2,768) | (5,869) | 707 | - | 707 |
| Balance at 1 January 2018 (restated) | 86,624 | 927 | - | 326,937 | 414,488 | 2,399 | 416,887 |
| Profit for the period | - | - | - | 13,027 | 13,027 | (390) | 12,637 |
| Other comprehensive income | | | | | | | |
| - Foreign currency translation | - | (581) | - | - | (581) | (156) | (737) |
| Total comprehensive income for the period | - | (581) | - | 13,027 | 12,446 | (546) | 11,900 |
| Dividends | - | - | - | (3,252) | (3,252) | - | (3,252) |
| Acquisition of subsidiaries | - | - | - | - | - | 1,039 | 1,039 |
| Balance at 30 June 2018 | 86,624 | 346 | - | 336,712 | 423,682 | 2,892 | 426,574 |

| **Company** | **Share Capital S$'000** | **Retained Earnings S$'000** | **Total Equity S$'000** |
|---|---|---|---|
| Balance at 1 January 2017 | 86,624 | 28,371 | 114,995 |
| Total comprehensive income for the period | - | 967 | 967 |
| Dividends | - | (1,952) | (1,952) |
| Balance at 30 June 2017 | 86,624 | 27,386 | 114,010 |
| Balance at 1 January 2018 | 86,624 | 24,252 | 110,876 |
| Total comprehensive expense for the period | - | (1,717) | (1,717) |
| Dividends | - | (3,252) | (3,252) |
| Balance at 30 June 2018 | 86,624 | 19,283 | 105,907 |

**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 30 June 2018.

There are no outstanding convertible securities as at 30 June 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 30 June 2018 and 31 December 2017.

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2018 and 31 December 2017 was 325,156,492.

The Company did not issue any preference shares as at 30 June 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 period ended 30 June 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 statement.

## 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 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 posession 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.

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 at 01-01-2017** | | | |
|---|---|---|---|---|---|---|---|---|
| | **As previously reported $'000** | **Adoption of SFRS(I) 1 $'000** | **Adoption of SFRS(I) 15 $'000** | **As restated $'000** | **As previously reported $'000** | **Adoption of SFRS(I) 1 $'000** | **Adoption of SFRS(I) 15 $'000** | **As restated $'000** |
| Associated companies | 69,926 | - | 397 | 70,323 | 73,458 | - | (225) | 73,233 |
| Joint venture companies | 99,427 | - | 310 | 99,737 | 82,140 | - | (1,920) | 80,220 |
| Total non-current assets | 654,956 | - | 707 | 655,663 | 575,667 | - | (2,145) | 573,522 |
| Total assets | 823,697 | - | 707 | 824,404 | 733,992 | - | (2,145) | 731,847 |
| Share capital | 86,624 | - | - | 86,624 | 86,624 | - | - | 86,624 |
| Retained earnings | 332,806 | (6,576) | 707 | 326,937 | 263,765 | (6,576) | (2,145) | 255,044 |
| Foreign currency translation reserve | (8,417) | 9,344 | - | 927 | (9,344) | 9,344 | - | - |
| Asset revaluation reserve | 2,768 | (2,768) | - | - | 2,768 | (2,768) | - | - |
| | 413,781 | - | 707 | 414,488 | 343,813 | - | (2,145) | 341,668 |
| Non-controlling interests | 2,399 | - | - | 2,399 | 1,777 | - | - | 1,777 |
| Net assets / total equity | 416,180 | - | 707 | 416,887 | 345,590 | - | (2,145) | 343,445 |

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 | | | | | |
|---|---|---|---|---|---|---|
| | 2Q2018 | 2Q2017 (Restated) | Decrease | HY2018 | HY2018 (Restated) | Decrease |
| | Cents | Cents | % | Cents | Cents | % |
| Earnings per ordinary share attributable to equity holders of the Company for the period | | | | | | |
| (a) On a basic basis | 1.94 | 3.37 | (42.4) | 4.01 | 4.25 | (5.6) |
| (b) On a fully diluted basis | 1.94 | 3.37 | (42.4) | 4.01 | 4.25 | (5.6) |

The above have been computed based on 325,156,492 ordinary shares for the 6 months ended 30 June 2018 and 6 months ended 31 June 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 | |
|---|---|---|---|---|---|
| | 30-06-18 | 31-12-17 | 01-01-17 | 30-06-18 | 31-12-17 |
| | Cents | Cents (restated) | Cents (restated) | Cents | Cents |
| Net asset value per ordinary share based on issued share capital at the end of the period reported on | 130.30 | 127.47 | 105.08 | 32.57 | 34.10 |

The above have been computed based on 325,156,492 ordinary shares in issue as at 30 June 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 turnover for the 6 month period ended 30 June 2018 ("1H2018") decreased by 29.2% to $24.38 million compared to $34.44 million for the previous corresponding period ended 30 June 2017 ("1H2017"). The decrease is attributed to following significant items:
(i) decrease in sale revenue of $10.82 from residential project, Onze@Tanjong Pagar as this project was substantially sold in the previous year;
(ii) decrease in rental revenue of $0.96 million as one of the investment properties, The Woodgrove was sold in February 2018; and
(iii) increase in hotel operation income by $1.47 million is mainly attributable to revenue contribution from the Luma Concept Hotel Hammersmith London which commenced operation from April 2017.

Cost of properties sold in 1H2018 and 1H2017 relates to residential project, Onze@Tanjong Pagar, and the decrease in 1H2018 is in line with the lower revenue recognised.

Other operating income increased by $4.55 million to $6.00 million in 1H2018 mainly due to the gain on disposal of investment property, The Woodgrove of $4.15 million.

Personnel expenses increased by $0.91 million to $5.28 million in 1H2018 mainly as a result of increase in headcount following the expansion of UK operations.

Depreciation of fixed assets increased by $0.56 million to $0.78 million in 1H2018 mainly due to higher depreciation charge for the new hotel, Luma Concept Hotel Hammersmith London.

Other operating expenses increased to $8.36 million in 1H2018 from $6.98 million in 1H2017 as a result of the following factors: (i) increase in operating expenses of $0.60 million following the launch of Luma Concept Hotel Hammersmith London; and (ii) marketing and commission expenses for the new sales of residential project, Onze@Tanjong Pagar of $0.32 million.

Finance expenses increased by $2.77 million to $8.75 million in 1H2018 mainly due to higher interest expense following the bonds issue of $118.00 million at the coupon rate of 6.08% per annum in January 2018.

Finance income increased by $3.07 million to $4.64 million in 1H2018 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 1.3% to $6.80 million in 1H2018 from $6.89 million in 1H2017. This was mainly attributed to the share of losses on pre-launch expenses incurred for Park Colonial and Affinity@Serangoon projects; offset by the increase in progressive profit recognition of fully sold residential projects, High Park Residences and Westwood Residences.

The Group recorded a $5.00 million fair value gain in 1H2018 from its investment property, Tampines Mart.

Taking into account all the above factors, the Group recorded a net profit after tax of $12.64 million for 1H2018, compared to a net profit after tax of $13.76 million recorded in 1H2017.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to $141.27 million mainly comprised the following hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, UK; (iii) ibis Budget Bradford in Bradford City, UK; (iv) ibis Hotel Gloucester in Gloucester City, UK; (v) Luma Concept Hotel Hammersmith London at Glenthorne Road, London, UK; (vi) hotel development of Hampton by Hilton in Leeds, UK; and (vii) 28-30 Oldham Street in Manchester City, UK.

Investment in associated companies decreased to $30.47 million in 1H2018 from $70.32 million mainly due to dividends received from assoicated companies.

Development properties decreased from $54.84 million to $45.61 million in 1H2018 due to progressive recognition of sales and cost of sales of development project, Onze@Tanjong Pagar.

The disposal of investment property held for sale, The Woodgrove, was completed in February 2018.

Trade receivables decreased to $3.11 million in 1H2018 from $7.78 million mainly due to the receipt of sales proceeds from Onze@Tanjong Pagar.

Other receivables increased by $10.88 million in 1H2018 mainly due to deposits made for new property acquisitions.

Prepayments increased to $2.29 million in 1H2018 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 $110.62 million as at end of 1H2018 compared to $26.62 million as at end of 2H2017. The increase is due to cash management of the proceeds from the sale of Woodgrove as well as the $118.00 million bond issued in January 2018.

Other payables and accruals decreased by $3.69 million from $17.50 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 the increase in payables for the development of Hampton by Hilton in Leeds, UK amounting to $2.30 million.

In January 2018, the Group issued a fixed rate 3.5-year bonds 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.

Amounts due to associated companies and joint venture companies decreased by $26.49 million in 1H2018 from $54.48 million mainly due to payments made to associated companies and joint venture companies.

Total bank term loans and short-term bank loans decreased from $216.58 million in FY2017 to $118.01 million in 1H2018 mainly due to repayment of short-term bank loans and bank term loans from sales proceeds from the disposal of The Woodgrove and Onze@Tanjiong Pagar, as well as new funds raised from the $118.00 million bond issued in January 2018.

Amounts due to non-controlling interests represents loans from non-controlling interests for various overseas projects.

Commentary on the Cash Flow Statements

The increase in cash and cash equivalents of $84.07 million in 1H2018 can be attributed to the following major cash inflows and outflows during the year:

*Cash inflows:*
- net cash flows from operating activities of $1.14 million;
- proceeds from bond issuance of $118.00 million;
- proceeds from disposal of investment property held for sale of $50.27 million; and
- net repayment of loans from associated and joint venture companies of $21.00 million.

*Cash outflows:*
- net cash outfow of $5.57 million for the additions to fixed assets comprising mainly construction costs incurred for the development of Hampton by Hilton in Leeds, UK;
- dividends paid on ordinary shares of the Company of $3.25 million; and
- repayment of bank loans of $98.13 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 second quarter and half year ended 30 June 2018 of the Group are in line with the statement made in paragraph 10 of the results announcement for the first quarter ended 31 March 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 Singapore government had introduced new measures on the 5 July 2018 in order to cool the local property market and keep price increases in line with economic fundamentals. This had resulted in some short term uncertainties within the local residential market. Nevertheless, the Group remains cautiously optimistic on the long term prospects of the Singapore real estate industry and will continue to monitor the market closely and take appropriate actions whenever necessary.

Currently, the Group has three on-going local joint venture projects. Two of them had been launched earlier in June and July 2018 and the sales are within expectations. Going forward, the Group will continue to seek suitable development projects in Singapore and beyond.

In an effort to mitigate the impact of the cyclical nature of the real estate market on the Group's performance, Heeton has focused on building a stable base of recurring income. Over the years, it has acquired a diversed portfolio of investment properties and hospitality assets. The Group currently has a total of nine operating hotels in the United Kingdom, Japan and Thailand. Five of these hotels are managed by Heeton's hospitality division. Going forward, the Group will continue to explore more acquisition opportunities.

**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**

No.

**(d) Books closure date**

No.

**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 first half year ended 30 June 2018 to be false or misleading in any material respect.

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

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

BY ORDER OF THE BOARD

| | |
|---|---|
| Toh Giap Eng | Teng Heng Chew Eric |
| Executive Deputy Chairman | CEO & Executive Director |
| 13 August 2018 | |