



HEETON HOLDINGS LIMITED
Incorporated in the Republic of Singapore
(Company Registration Number: 197601387M)

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Financial Statements
For the six months ended 30 June 2021

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Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of comprehensive income
For the six months ended 30 June 2021

	Note	Group	
		6 months ended	6 months ended
		30 June 2021 ("HY2021") \$'000	30 June 2020 ("HY2020") \$'000
Revenue	4	17,525	12,663
Cost of properties sold		(2,734)	-
Other operating income		2,447	1,115
Personnel expenses		(5,396)	(5,867)
Depreciation of property, plant and equipment	6	(2,385)	(2,858)
Other operating expenses		(7,922)	(6,442)
Finance expenses	6	(9,739)	(9,730)
Finance income	6	1,927	2,720
Fair value gain/(losses) on derivative financial instruments	6	1,214	(2,169)
Share of results of associated companies and joint venture companies		5,773	2,234
Loss from fair value adjustments of investment properties		(200)	(594)
Profit/(loss) before tax		510	(8,928)
Income tax expense	7	(477)	(3)
Profit/(loss) for the period		33	(8,931)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		5,055	(4,361)
Other comprehensive income/(loss) for the period, net of tax		5,055	(4,361)
Total comprehensive income for the period		5,088	(13,292)
Profit/(loss) for the period			
Attributable to:			
Owners of the Company		1,716	(8,063)
Non-controlling interests		(1,683)	(868)
		33	(8,931)
Total comprehensive income/(loss) for the period:			
Attributable to:			
Owners of the Company		8,932	(12,490)
Non-controlling interests		(3,844)	(802)
		5,088	(13,292)
Earnings/(loss) per share attributable to owners of the Company (cents per share)			
Basic and diluted		0.35	(1.65)

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Condensed Interim Balance sheets As at 30 June 2021

	Note	Group		Company	
		30/6/2021 \$'000	31/12/2020 \$'000	30/6/2021 \$'000	31/12/2020 \$'000
Non-current assets					
Property, plant and equipment	10	395,294	386,983	183	192
Investment properties	11	225,239	223,977	–	–
Subsidiaries		–	–	24,082	24,082
Associated companies		15,924	16,164	–	–
Joint venture companies		101,222	97,409	5,000	5,000
Amounts due from associated companies and joint venture companies (non-trade)		156,754	157,975	–	–
Intangible assets		109	109	–	–
Other receivables		29,767	29,412	18,000	–
		924,309	912,029	47,265	29,274
Current assets					
Development properties		34,007	35,741	3,477	7,067
Assets held for sale		2,403	4,503	–	–
Trade receivables		1,160	512	–	–
Other receivables		24,114	19,877	2,335	18,347
Prepayments		3,090	2,654	908	1,216
Amounts due from subsidiaries (non-trade)		–	–	348,043	337,599
Amounts due from related parties (trade)		15	17	–	–
Amounts due from associated companies and joint venture companies (non-trade)		3,184	3,174	1,217	1,170
Fixed deposits		11,206	14,925	11,000	14,765
Cash and bank balances		76,858	49,050	51,240	22,134
		156,037	130,453	418,220	402,298
Current liabilities					
Trade payables		5,511	3,822	1,981	1,726
Other payables and accruals		14,035	12,103	3,930	3,974
Amounts due to subsidiaries (non-trade)		–	–	181,938	142,207
Lease liabilities		453	443	–	–
Bonds	13	60,750	66,000	60,750	66,000
Bank term loans	12	26,457	22,627	1,000	–
Income tax payable		3,388	5,066	358	819
		110,594	110,061	249,957	214,726
Net current assets		45,443	20,392	168,263	187,572

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Balance sheets As at 30 June 2021

	Note	Group		Company	
		30/6/2021 \$'000	31/12/2020 \$'000	30/6/2021 \$'000	31/12/2020 \$'000
Non-current liabilities					
Other payables and accruals		1,231	1,280	–	–
Derivative financial instruments	9	1,152	2,366	1,152	2,366
Lease liabilities		6,258	6,237	–	–
Amounts due to associated companies and joint venture companies (non-trade)		43,143	49,976	38,787	38,515
Amounts due to non-controlling interests (non-trade)		75,970	73,080	–	–
Bonds	13	70,300	70,300	70,300	70,300
Bank term loans	12	352,708	314,904	4,000	5,000
Deferred tax liabilities		1,021	1,397	14	11
		551,783	519,540	114,253	116,192
Net assets		417,969	412,881	101,275	100,654
Equity attributable to owners of the Company					
Share capital	14	86,624	86,624	86,624	86,624
Foreign currency translation reserve		11,049	3,833	–	–
Retained earnings		341,588	339,872	14,651	14,030
		439,261	430,329	101,275	100,654
Non-controlling interests		(21,292)	(17,448)	–	–
Total equity		417,969	412,881	101,275	100,654

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed interim consolidated statement of changes in equity
For the six months ended 30 June 2021

	Attributable to owners of the Company				Non-controlling interests \$'000	Total equity \$'000	
	Note	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000			Total \$'000
Balance at 1 January 2021		86,624	3,833	339,872	430,329	(17,448)	412,881
Profit for the period		–	–	1,716	1,716	(1,683)	33
Other comprehensive income - Foreign currency translation		–	7,216	–	7,216	(2,161)	5,055
Total comprehensive (loss)/income for the period		–	7,216	1,716	8,932	(3,844)	5,088
At 30 June 2021		86,624	11,049	341,588	439,261	(21,292)	417,969
Balance at 1 January 2020		86,624	326	347,787	434,737	3,422	438,159
Loss for the period		–	–	(8,063)	(8,063)	(868)	(8,931)
Other comprehensive loss - Foreign currency translation		–	(4,427)	–	(4,427)	66	(4,361)
Total comprehensive loss for the period		–	(4,427)	(8,063)	(12,490)	(802)	(13,292)
At 30 June 2020		86,624	(4,101)	339,724	422,247	2,620	424,867

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of cash flows For the six months ended 30 June 2021

	Note	Group	
		HY2021 \$'000	HY2020 \$'000
Cash flows from operating activities			
Profit/(loss) before tax		510	(8,928)
Adjustments:			
Depreciation of property, plant and equipment		2,385	2,858
Gain on disposal of property, plant and equipment		–	(50)
Fair value (gains)/losses on derivative financial instruments		(1,214)	2,169
Loss from fair value adjustments of investment properties		200	594
Loss on disposal of assets held for sale		161	–
Share of results of associated companies and joint venture companies		(5,773)	(2,234)
Interest expense	6	9,739	9,730
Interest income	6	(1,927)	(2,720)
Unrealised exchange differences		2,925	(377)
Total adjustments		6,496	9,970
Operating cash flows before changes in working capital		7,006	1,042
Changes in working capital:			
Decrease in development properties		2,324	213
(Increase)/decrease in trade receivables		(634)	630
Increase in other receivables		(4,238)	(3,488)
(Increase)/decrease in prepayments		(366)	365
Increase in trade payables		1,589	616
Increase/(decrease) in other payables and accruals		1,306	(4,631)
Decrease in amounts due from related parties		2	8
Total changes in working capital		(17)	(6,287)
Cash flows generated from/(used in) operations		6,989	(5,245)
Interest received		1,927	2,720
Interest paid, excluding amounts capitalised		(9,739)	(9,730)
Income taxes paid		(3,064)	(100)
Net cash flows used in operating activities		(3,887)	(12,355)

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Condensed interim consolidated statement of cash flows For the six months ended 30 June 2021

	Note	Group	
		HY2021 \$'000	HY2020 \$'000
Cash flows from investing activities			
Additions to property, plant and equipment		(459)	(4,150)
Proceeds from disposal of property, plant and equipment		–	83
Proceeds from disposal of assets held for sale		1,981	–
Dividend income from associated companies and joint venture companies		–	16,630
Net loan to associated companies and joint venture companies		(4,721)	(10,241)
Net cash flows (used in)/generated from investing activities		(3,199)	2,322
Cash flows from financing activities			
Repayment of finance lease obligations		(5)	(56)
Proceeds from bank loans		36,890	25,862
Repayment of bank loans		(2,111)	(1,744)
Repayment of bonds		(5,250)	(75,000)
Increase in loan from non-controlling interests		1,128	3,697
Net cash generated from/(used in) financing activities		30,652	(47,241)
Net increase/(decrease) in cash and cash equivalents		23,566	(57,274)
Effect of exchange rate changes on cash and cash equivalents		523	(1,076)
Cash and cash equivalents at beginning of period		63,975	116,919
Cash and cash equivalents at end of period		88,064	58,569

A. Cash and cash equivalents

Cash and cash equivalents consist of fixed deposits and cash and bank balances, as follows:

Fixed deposits	11,206	6,301
Cash and bank balances	76,858	52,268
Cash and cash equivalents at end of period	88,064	58,569

The accompanying notes form an integral part of these condensed interim financial statements.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2021

1. Corporate information

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The registered office and principal place of business is located at 60 Sembawang Road, #01-02 Hong Heng Mansions, Singapore 779088.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprised the Company and its subsidiaries (collectively, the Group). The Company's and the Group's principal activities are in property development, hotel operations and investment holding.

2. Basis of preparation

The unaudited condensed interim consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standard Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (Dollars ("SGD" or "\$") and all values in the tables are recorded to the nearest thousand ("\$'000") except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The accounting policies adopted by the Group in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Report for the financial year ended 31 December 2020, except for the adoption of new and revised standards effective as of 1 January 2021.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2
- Amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

2.2 Use of judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

a) Impact of COVID-19 on the Group

The World Health Organization declared a global pandemic in March 2020 as a result of COVID-19. The effects of this health crisis are continuing to unfold and the ultimate extent of the social, medical and economic impacts worldwide are unknown. The Group has considered the impact of COVID-19 in preparing its financial report for the year.

The critical accounting estimates and key judgement areas of the Group have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

The impact of COVID-19 increases the level of judgement required across a number of key areas for the Group, in particular the recognition and measurement of the assets of the Group. The COVID-19 assumptions and considerations for the critical accounting estimates and key judgement areas of the Group are outlined in further detail in the following sections of this financial report:

- Property, plant and equipment (Note 10)
- Determination of fair value of investment properties (Note 11)

2.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 30 June 2021 for investment properties that are likely to differ materially from the fair values recognised at the end of the previous financial year. The two valuation techniques adopted were the Market Comparable Approach Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return.

2. Basis of preparation (cont'd)

2.3 Key sources of estimation uncertainty (cont'd)

(a) Valuation of investment properties (cont'd)

The independent valuers have considered available information as at 30 June 2021 relating to COVID-19 and have made necessary adjustments due to the COVID-19 pandemic to the valuation. The valuation reports also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

(b) Impairment assessment of property, plant and equipment

An impairment exists when the carrying value of property, plant and equipment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses whether there are trigger events indicating potential impairment at each reporting date. Where applicable, the Group considers independent valuation reports of valuation specialists to support the recoverable amounts of certain property, plant and equipment. The fair values are determined by external specialists using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions. Certain valuation reports obtained from the external specialist also highlighted that given the unprecedented set of circumstances due to the COVID-19 pandemic on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review. The key assumptions used to determine the recoverable amount for the hotel properties are disclosed and further explained in Note 10.

(c) Impairment assessment of interest in associates and joint ventures

The Group has significant interests in associates and joint ventures. The Group's interests in associates and joint ventures comprise the investments and amounts due from associates and joint ventures. The associates and joint ventures of the Group are mainly involved in the business of property development. The Group assesses at the end of each reporting period whether there is any objective evidence that the interest is impaired.

The Group applies the general approach to provide for ECLs on amounts due from associates and joint ventures carried at amortised cost. At each reporting date, the Group assesses whether the credit risk of a financial asset has increased significantly since initial recognition. When initial credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

The assessment of whether credit risk of a financial asset has increased significantly since initial recognition is a significant estimate. Credit risk assessment is based on both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements For the six months ended 30 June 2021

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.
- II. The property development segment is involved in the development and sale of private residential properties.
- III. The corporate segment is involved in Group-level corporate services and treasury functions.
- IV. The hospitality segment is involved in hotel operations and related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Group	
	HY2021	HY2020
	\$'000	\$'000
Revenue from contracts with customers	12,666	8,599
Rental income from investment properties	4,537	3,816
Other rental income	322	248
	17,525	12,663
	17,525	12,663

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Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2021

4. Segment and revenue information (cont'd)

(a) Reportable segments

	Property investment	Property development	Corporate	Hospitality	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021						
Revenue:						
Sales to external customers	4,536	5,902	367	6,720	–	17,525
Inter-segment revenue	444	–	2,180	4,300	(6,924)	–
	4,980	5,902	2,547	11,020	(6,924)	17,525
Results:						
Finance income	–	–	16,923	–	(14,996)	1,927
Finance expense	(971)	–	(17,622)	(5,986)	14,840	(9,739)
Fair value gain on derivative financial instruments	–	–	1,214	–	–	1,214
Loss from fair value adjustments of investment properties	(200)	–	–	–	–	(200)
Depreciation of property, plant and equipment	(14)	–	(82)	(2,289)	–	(2,385)
Share of results of associated companies/joint venture companies	1,004	5,480	(39)	(672)	–	5,773
Segment profit/(loss) before tax	1,791	7,777	(764)	(8,138)	(156)	510
Assets:						
Investment in associated companies/joint venture companies	99,633	5,995	(59)	11,577	–	117,146
Addition of non-current assets ¹	–	–	459	–	–	459
Segment assets	220,042	170,826	1,212,681	591,462	(1,114,665)	1,080,346
Segment liabilities	178,586	39,766	1,196,313	321,471	(1,073,759)	662,377

¹ Additions to non-current assets consist of additions to property, plant and equipment.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2021

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

	Property investment \$'000	Property development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Consolidated \$'000
30 June 2020						
Revenue:						
Sales to external customers	3,815	–	762	8,086	–	12,663
Inter-segment revenue	422	–	1,840	3,459	(5,721)	–
	4,560	–	2,602	11,222	(5,721)	12,663
Results:						
Finance income	–	–	16,270	–	(13,550)	2,720
Finance expense	(2,106)	–	(16,370)	(4,638)	13,384	(9,730)
Loss from fair value adjustments of investment properties	(594)	–	–	–	–	(594)
Depreciation of property, plant and equipment	(34)	–	(150)	(2,674)	–	(2,858)
Share of results of associated companies/joint venture companies	1,012	1,671	2	(451)	–	2,234
Segment profit/(loss) before tax	773	1,598	(6,021)	(5,112)	(166)	(8,928)
Assets:						
Investment in associated companies/joint venture companies	94,703	7,802	12	13,490	–	116,007
Additions to non-current assets ¹	–	–	164	3,986	–	4,150
Segment assets	180,946	172,985	1,075,678	578,471	(1,011,366)	996,714
Segment liabilities	124,338	52,776	1,059,467	277,252	(941,986)	571,847

¹ Additions to non-current assets consist of additions to property, plant and equipment.

Heeton Holdings Limited and its Subsidiaries

Notes to the condensed interim consolidated financial statements
For the six months ended 30 June 2021

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue from contracts with customers

Segments	Property development		Hospitality		Corporate		Total Revenue	
	HY2021	HY2020	HY2021	HY2020	HY2021	HY2020	HY2021	HY2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Singapore	5,908	19	-	-	222	689	6,130	708
United Kingdom	-	-	6,399	7,818	137	73	6,536	7,891
	5,908	19	6,399	7,818	359	762	12,666	8,599
Major product or service line								
Residential properties	-	-	-	-	-	-	-	-
Commercial properties	5,908	19	-	-	-	-	5,908	19
Hotel operation income	-	-	6,399	7,818	-	-	6,399	7,818
Management fee income	-	-	-	-	359	762	359	762
	5,908	19	6,399	7,818	359	762	12,666	8,599
Timing of transfer of goods or services								
At a point in time	5,908	19	6,399	7,818	359	762	12,666	8,599
Over time	-	-	-	-	-	-	-	-
	5,908	19	6,399	7,818	359	762	12,666	8,599

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2021

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020.

	Group		Company	
	30/6/2021	31/12/2020	30/06/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Financial assets measured at amortised cost:				
Amounts due from associated companies and joint venture companies (non-trade)	159,938	161,149	1,217	1,170
Trade receivable	1,160	512	–	–
Other receivable	53,881	49,289	2,335	18,347
Amounts due from subsidiaries (non-trade)	–	–	348,043	337,599
Amounts due from related parties (trade)	15	17	–	–
Fixed deposits	11,206	14,925	11,000	14,765
Cash and bank balances	76,858	49,050	51,240	22,134
	303,058	274,942	413,835	394,015
Financial liabilities measured at amortised cost:				
<i>Trade and other payables (current)</i>				
Trade payables	5,511	3,822	1,981	1,726
Other payables and accruals	14,035	11,736	3,930	3,853
	19,546	15,558	5,911	5,579
<i>Other payables (non-current)</i>				
Other payables and accruals	1,231	1,280	–	–
Total trade and other payables	20,777	16,838	5,911	5,579
<i>Loans and borrowings (current)</i>				
Amounts due to subsidiaries (non-trade)	–	–	181,938	142,207
Lease liabilities	453	443	–	–
Bonds	60,750	66,000	60,750	66,000
Bank term loans	26,457	22,627	1,000	–
	87,660	89,070	243,688	208,207
<i>Loans and borrowings (non-current)</i>				
Amounts due to associated companies and joint venture companies (non-trade)	43,143	49,976	38,787	38,515
Amounts due to non-controlling interests (non-trade)	75,970	73,080	–	–
Lease liabilities	6,258	6,237	–	–
Bonds	70,300	70,300	70,300	70,300
Bank term loans	352,708	314,904	4,000	5,000
Total loans and borrowings	636,039	603,567	356,775	322,022
Total finance liabilities measured at amortised cost	626,816	620,405	362,686	327,601

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2021

5. Financial assets and financial liabilities (cont'd)

	Group		Company	
	30/6/2021	31/12/2020	30/06/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments	1,152	2,366	1,152	2,366

6. Profit/(loss) before tax

(a) Significant items

	Group	
	HY2021	HY2020
	\$'000	\$'000
Finance income	1,927	2,720
Finance expenses	9,739	9,730
Depreciation of property, plant and equipment	2,385	2,858
Fair value gains/(losses) on derivative financial instruments	1,214	(2,169)

(b) Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

Sale and purchase of goods and services

The following significant transactions between the Group and Company and their related parties took place during the year at terms agreed between the parties:

	Group		Company	
	HY2021	HY2020	HY2021	HY2020
	\$'000	\$'000	\$'000	\$'000
Income				
Interest income				
- subsidiaries	–	–	6,411	6,037
- associated companies	340	317	–	–
- joint venture companies	346	924	–	–
Management fee income				
- subsidiaries	–	–	180	207
- associated companies	90	132	42	60
- joint venture companies	1,121	1,571	1,000	1,000
- related party	52	46	–	–
Expenses				
Management fee paid to a subsidiary	–	–	558	627
Interest expenses				
- subsidiaries	–	–	4,290	3,910
- joint venture companies	272	193	272	193
Rental paid to a related party	65	44	–	–

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2021

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	HY2021	HY2020
	\$'000	\$'000
Current income tax		
- Current year	1,135	3
- Over-provision in respect of previous years	(658)	–
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	477	3
	<hr/>	<hr/>

8. Net Asset Value

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	90.06	88.23	20.76	20.64
	<hr/>			

9. Derivative financial instruments

	Group and Company			
	30/06/2021		31/12/2020	
	Outstanding notional amounts	Liabilities	Outstanding notional amounts	Liabilities
	\$'000	\$'000	\$'000	\$'000
Non-current:				
Interest rate swaps	95,985	<hr/> 1,152	90,038	<hr/> 2,366

The Group and the Company entered into interest rate swaps in Pound Sterling and Singapore Dollars to manage its exposure to interest rate fluctuation on its floating rate loans and borrowings. The interest rate swaps will mature between May 2022 and January 2025.

The Group and the Company has not applied hedge accounting. Fair value gains and losses on interest rate swaps are recognised in profit or loss. The fair values of interest rate swaps shown above are determined by marked-to-market values provided by counterparties. The marked-to-market values obtained are determined by reference to market values for similar instruments.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2021

10. Property, plant and equipment

The Group did not have any significant acquisition or disposal of Property, plant and equipment during HY2021 and HY2020.

As at 30 June 2021, the carrying value of property, plant and equipment (collectively, "properties") mainly relating to the Group's portfolio of hotel properties amounted to \$395,294,000 and accounted for 37% of the Group's total assets. These properties are carried at cost less accumulated depreciation and impairment losses and are subject to an impairment assessment to assess if there are any indicators of impairment at each reporting date.

11. Investment properties

The Group's investment properties are held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

The Group's investment properties as at 30 June 2021 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	72 years
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold

	Group	
	30/06/2021	31/12/2020
	\$'000	\$'000
<i>Cost</i>		
Balance at beginning of period/year	223,977	171,976
Exchange differences	1,462	699
(Loss)/gain from fair value adjustments recognised in profit or loss during the period/year ended	(200)	54,584
Balance at end of period/year	225,239	223,977

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2021

11. Investment properties (cont'd)

Valuation of investment properties

At the end of every half-year, the directors review the carrying values of its investment properties carried at fair value and perform an internal valuation, where no independent valuer is involved. In assessing whether the fair values remained appropriate, the directors consider whether any movement in market data such as discount rate, capitalisation rates, changes in underlying cash flows or sales comparable would result in a material impact to the fair values of the investment properties since the end of the previous financial year. The Group will engage external independent qualified valuer whenever the carrying amounts of the investment properties are likely to differ materially from the fair values recognised at the end of the previous financial year.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the income capitalisation approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term. The most significant input into the income capitalisation valuation approach is the capitalisation rate of 4.70% to 5.25% (31 December 2020: 4.75% to 5.25%) per annum.

An increase in capitalisation rate will result in a decrease to the fair value of the investment property.

12. Bank term loans

The following sets out the aggregate amount of the Group's borrowings as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Secured	379,165	337,531	5,000	5,000
Repayable:				
- not later than 1 year	26,457	22,627	1,000	–
- 1 year through 5 years	352,708	314,904	4,000	5,000
	379,165	337,531	5,000	5,000

13. Bonds

The Group has two bond issues outstanding as at 30 June 2021, \$70,300,000 bonds due November 2023 and \$60,750,000 bond due July 2021. The latter was fully redeemed on 19 July 2021.

Heeton Holdings Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 June 2021

14. Share capital

	Group and Company			
	Number of shares issued		30/06/2021	31/12/2020
	30/06/2021	31/12/2020	\$'000	\$'000
End of interim period	487,734,735	487,734,735	86,624	86,624

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.