



ARA Asset Management Limited

FY2018 Audited Financials

30 May 2019

FY2018 Audited Financial Statements

- The consolidated financial statements of ARA Asset Management Limited and its subsidiaries (“ARA Group” or the “Group”) for the financial year ended 31 December 2018 as set out in this presentation have been extracted from the audited consolidated financial statements of ARA Group.
- ARA Group’s auditors, KPMG LLP had issued an unmodified audit opinion. In their opinion, the consolidated financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to present fairly, in all material respects, the consolidated position of the Group as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Statement of financial position

As at 31 December 2018

	31 Dec 2018 \$'000	Group 31 Dec 2017 \$'000	1 Jan 2017 \$'000
Assets			
Plant and equipment	4,417	1,752	2,219
Intangible assets	44,434	1,134	1,092
Associates and joint ventures	983,213	465,407	20,427
Financial assets	722,076	689,221	526,278
Financial derivatives	—	34	341
Deferred tax assets	1,579	799	796
Trade and other receivables	1,816	1,685	1,800
Prepayments	533	2,478	3,257
Total non-current assets	1,758,068	1,162,510	556,210
Financial assets	11,380	66,016	35,443
Current tax assets	—	61	—
Trade and other receivables	77,198	65,125	58,072
Cash and cash equivalents	125,336	93,323	109,067
Prepayments	1,618	1,913	2,420
	215,532	226,438	205,002
Assets held for sale	927,803	266	—
Total current assets	1,143,335	226,704	205,002
Total assets	2,901,403	1,389,214	761,212

Statement of financial position (cont'd)

As at 31 December 2018

	31 Dec 2018 \$'000	Group 31 Dec 2017 \$'000	1 Jan 2017 \$'000
Equity			
Share capital	1,995	1,995	1,995
Reserves	258,973	368,053	279,561
Perpetual securities	606,587	304,078	—
Retained earnings	537,891	466,621	300,866
Equity attributable to equity holders of the Company	1,405,446	1,140,747	582,422
Non-controlling interests	6,376	7,264	7,052
Total equity	1,411,822	1,148,011	589,474
Liabilities			
Loans and borrowings	428,322	79,996	80,174
Trade and other payables	231,349	4,849	2,384
Deferred tax liabilities	7,620	226	189
Total non-current liabilities	667,291	85,071	82,747
Trade and other payables	51,197	42,646	34,724
Loans and borrowings	231	100,114	41,853
Current tax payable	12,349	13,372	12,414
	63,777	156,132	88,991
Liabilities directly associated with the assets held for sale	758,513	—	—
Total current liabilities	822,290	156,132	88,991
Total liabilities	1,489,581	241,203	171,738
Total equity and liabilities	2,901,403	1,389,214	761,212

Consolidated statement of profit or loss

Year ended 31 December 2018

	Group	
	2018 \$'000	2017 \$'000
Continuing operations		
Management fees	173,145	161,308
Acquisition, divestment and performance fees	8,005	4,557
Revenue	<u>181,150</u>	<u>165,865</u>
Finance income	51,364	41,030
Other income	15,323	828
	<u>247,837</u>	<u>207,723</u>
Administrative expenses	(78,494)	(66,919)
Operating lease expenses	(4,751)	(4,647)
Other expenses	(15,622)	(16,805)
Finance costs	(9,352)	(7,399)
Results from operating activities	<u>139,618</u>	<u>111,953</u>
Share of profit of equity-accounted investees, net of tax	62,008	5,764
Profit before tax	<u>201,626</u>	<u>117,717</u>
Tax expense	(18,317)	(17,201)
Profit from continuing operations	<u>183,309</u>	<u>100,516</u>
Discontinued operation		
Loss from discontinued operation, net of tax	(4,265)	—
Profit for the year	<u>179,044</u>	<u>100,516</u>
Profit attributable to:		
Equity holders of the Company	175,761	96,761
Non-controlling interests	3,283	3,755
Profit for the year	<u>179,044</u>	<u>100,516</u>
Earnings per share		
Basic and diluted earnings per share (cents)	<u>14.69</u>	<u>8.99</u>

Consolidated statement of comprehensive income

Year ended 31 December 2018

	Group	
	2018 \$'000	2017 \$'000
Profit for the year	179,044	100,516
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Reclassification of fair value changes on available-for-sale financial assets to retained earnings upon re-designation as investment in associates	—	86,589
Net fair value changes in financial assets carried at fair value through other comprehensive income (“FVOCI”)	(92,705)	—
Share of fair value reserve of associates	57	—
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences relating to financial statements of foreign operations	(2,520)	(25,342)
Share of other comprehensive income of associate	1,416	300
Effective portion of changes in fair value of cash flow hedges	(34)	(307)
Net change in fair value of available-for-sale financial assets	—	112,983
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	—	718
Other comprehensive income for the year, net of tax	<u>(93,786)</u>	<u>174,941</u>
Total comprehensive income for the year	<u>85,258</u>	<u>275,457</u>
Total comprehensive income attributable to:		
Equity holders of the Company	81,976	271,741
Non-controlling interests	3,282	3,716
Total comprehensive income for the year	<u>85,258</u>	<u>275,457</u>

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

Consolidated statement of cash flows

Year ended 31 December 2018

	Group	
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Profit for the year	179,044	100,516
Adjustments for:		
Amortisation of intangible assets	408	531
Depreciation of plant and equipment	1,006	867
Intangible asset written off	109	–
(Gain)/loss on unrealised foreign exchange	(3,669)	5,430
Distribution income	(48,310)	(25,057)
Net gain on fair value of financial assets	(395)	(15,020)
Gain on disposal of financial assets	–	(523)
Interest expense	8,821	3,192
Interest income	(1,578)	(430)
Impairment loss on available-for-sale financial assets	–	812
Impairment loss on intangible assets	–	457
Loss on disposal of plant and equipment	16	91
Gain on disposal of associates	(1,408)	–
Gain on previously held interest	(14,409)	–
Management fees received/receivable in units of real estate investment trusts	(71,740)	(69,317)
Share of profit of associates and joint ventures	(62,008)	(5,764)
Tax expense	18,317	17,201
	4,204	12,986
Change in trade and other receivables	(20,142)	(9,602)
Change in trade and other payables	232,831	10,387
Cash generated from operating activities	216,893	13,771
Distribution income received	48,455	25,277
Proceeds from sale of units in real estate investment trusts	25,273	46,391
Tax paid	(19,968)	(16,148)
Cash flows from operating activities of continuing operations	270,653	69,291
Cash flows from operating activities of discontinued operation	19,784	–
Net cash from operating activities	290,437	69,291

Consolidated statement of cash flows (cont'd)

Year ended 31 December 2018

	Group	
	2018	2017
	\$'000	\$'000
Cash flows from investing activities		
Acquisition of interest in associates	(457,055)	(365,751)
Acquisition of subsidiaries and non-controlling interests, net of cash acquired	(50,601)	–
Dividends received from associates	14,761	1,609
Contribution from non-controlling interests	912	52
Interest received	1,578	430
Proceeds from disposal of plant and equipment	230	607
Purchase of plant and equipment	(2,982)	(1,125)
Software development expenditure	(25)	(1,030)
Purchase of financial assets	(92,797)	(63,208)
Proceeds from disposal of financial assets	6,076	–
Proceeds from disposal of associate	1,683	–
Proceeds from capital returns of available-for-sale financial assets	–	6,822
Proceeds from redemption of financial assets	67,405	–
Cash flows used in investing activities of continuing operations	(510,815)	(421,594)
Cash flows used in investing activities of discontinued operation	(903,066)	–
Net cash used in investing activities	(1,413,881)	(421,594)
Cash flows from financing activities		
Dividends paid	(90,267)	(14,055)
Interest paid	(7,072)	(3,012)
Issue of redeemable preference shares	–	100
Issue of perpetual securities, net of issue costs	297,447	296,983
Repayment of finance lease liabilities	(207)	(156)
Repayment of loans and borrowings	(185,496)	–
Proceeds from loans and borrowings	427,576	58,300
Cash flows from financing activities of continuing operations	441,981	338,160
Cash flows from financing activities of discontinued operation	734,590	–
Net cash from financing activities	1,176,571	338,160
Net increase/(decrease) in cash and cash equivalents	53,127	(14,143)
Cash and cash equivalents at 1 January	93,323	109,067
	146,450	94,924
Cash and cash equivalents reclassified as held for sale	(20,596)	–
Effect of exchange rate fluctuations on cash held	(518)	(1,601)
Cash and cash equivalents at 31 December	125,336	93,323

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