

PART I INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 1(a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Statement of Comprehensive Income

	12 months ended 31 December		Increase / (Decrease) %
	2018 \$'000	2017 (restated) \$'000	
Sales	150,911	151,621	(0.5)
Cost of sales	(97,536)	(99,399)	(1.9)
Gross profit	53,375	52,222	2.2
Other income	4,321	3,260	32.5
Other gains – net	8,306	44	>100
Expenses			
- Distribution and marketing	(11,472)	(10,055)	14.1
- Administrative	(26,581)	(29,912)	(11.1)
- Finance	(5,188)	(4,300)	20.7
- Other	(40)	(42)	(4.8)
Share of profit of			
- joint ventures	9,563	11,809	(19.0)
- associated companies	3,376	2,678	26.1
Profit before income tax	35,660	25,704	38.7
Income tax expense	(2,212)	(3,698)	(40.2)
Total profit	33,448	22,006	52.0
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of joint ventures	156	105	48.6
Currency translation differences arising from consolidation	(20,156)	2,264	nm
	(20,000)	2,369	nm
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income/(loss) of:			
- joint ventures	9,778	14,522	(32.7)
- associated companies	(2,095)	1,998	nm
Revaluation gains/(losses) on property, plant and equipment – net	11,860	(518)	nm
Currency translation differences arising from consolidation	(8,190)	620	nm
Other comprehensive (loss)/income, net of tax	(8,647)	18,991	nm
Total comprehensive income	24,801	40,997	(39.5)
Profit attributable to:			
Equity holders of the Company	32,937	21,753	51.4
Non-controlling interest	511	253	>100
	33,448	22,006	52.0
Total comprehensive income attributable to:			
Equity holders of the Company	29,227	36,696	(20.4)
Non-controlling interest	(4,426)	4,301	nm
	24,801	40,997	(39.5)

nm : not meaningful

1(a)(ii) Other profit and loss items disclosure

	12 months ended		Increase / (Decrease) %
	2018	2017	
	\$'000	\$'000	
The following items were credited/(charged) to the income statement:			
<u>Other income</u>			
Interest income from:			
- Bank deposits	3,993	2,424	64.7
- Advances to joint ventures	-	473	nm
<u>Cost of sales and administrative expenses</u>			
Depreciation of property, plant and equipment	(10,173)	(10,997)	(7.5)
Amortisation of intangible assets	(3,189)	(3,301)	(3.4)
Write-off of property, plant and equipment	(5)	(4)	25.0
Allowance for impairment on trade receivables	(469)	(217)	>100
<u>Other gains – net</u>			
Impairment of:			
- Hospitality lease and management agreements	-	(110)	nm
- Property, plant and equipment	(898)	-	nm
Fair value gains on investment properties	16,583	5,876	>100
Revaluation gains/(losses) on property, plant and equipment	1,745	(5,378)	nm
Loss on disposal of:			
- Property, plant and equipment	(143)	(79)	81.0
- Investment property	(74)	-	nm
Currency exchange losses - net	(8,907)	(265)	>100
<u>Finance expenses</u>			
Interest expense for:			
- Bank borrowings	(3,861)	(2,973)	29.9
- Advances from a non-controlling interest	(1,327)	(1,327)	0.0
<u>Income tax expense</u>			
Over provision of income tax in prior financial years	1,554	586	>100

nm : not meaningful

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

	Group			Company		
	31.12.2018	31.12.2017 (restated)	01.01.2017 (restated)	31.12.2018	31.12.2017	01.01.2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current assets						
Cash and cash equivalents ¹	256,287	219,585	209,262	186,603	156,376	150,219
Trade and other receivables	26,089	27,496	33,265	171,606	194,214	170,559
Inventories	351	333	361	12	12	9
Development properties	40,605	31,012	21,753	-	-	-
Properties held for sale	123,911	124,030	124,030	-	-	-
	447,243	402,456	388,671	358,221	350,602	320,787
Non-current assets						
Other non-current assets	19,599	18,590	57,147	147,870	119,118	493,192
Investments in associated companies	15,921	14,640	9,964	696	696	696
Investments in joint ventures	479,268	480,703	466,118	300	300	300
Investments in subsidiaries	-	-	-	883,438	883,601	511,691
Investment properties	517,398	492,975	446,515	137,245	130,968	124,922
Property, plant and equipment	537,402	544,962	566,726	326,727	313,770	308,502
Intangible assets	128,435	132,870	136,388	-	-	-
Deferred income tax assets	91	99	100	-	-	-
	1,698,114	1,684,839	1,682,958	1,496,276	1,448,453	1,439,303
Total assets	2,145,357	2,087,295	2,071,629	1,854,497	1,799,055	1,760,090
LIABILITIES						
Current liabilities						
Trade and other payables	120,430	115,600	124,547	19,706	7,742	7,214
Current income tax liabilities	4,723	7,381	6,299	485	485	485
Borrowings	208,225	180,145	157,008	56,176	74,979	80,901
Deferred income	7,526	7,571	7,466	6,817	6,818	6,797
Provisions	-	-	642	-	-	-
	340,904	310,697	295,962	83,184	90,024	95,397
Non-current liabilities						
Other payables	99,059	123,020	123,983	353,962	348,083	328,307
Borrowings	86,953	41,712	46,353	86,953	41,712	-
Deferred income	289,904	296,701	303,498	289,904	296,701	303,498
Deferred income tax liabilities	31,048	33,145	39,060	305	305	476
Provisions	938	2,122	2,267	-	-	-
	507,902	496,700	515,161	731,124	686,801	632,281
Total liabilities	848,806	807,397	811,123	814,308	776,825	727,678
NET ASSETS	1,296,551	1,279,898	1,260,506	1,040,189	1,022,230	1,032,412
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	496,604	479,244	475,489	496,604	479,244	475,489
Revaluation and other reserves	328,344	331,750	316,807	292,967	281,999	278,022
Retained profits	440,262	433,137	436,744	250,618	260,987	278,901
	1,265,210	1,244,131	1,229,040	1,040,189	1,022,230	1,032,412
Non-controlling interest	31,341	35,767	31,466	-	-	-
TOTAL EQUITY	1,296,551	1,279,898	1,260,506	1,040,189	1,022,230	1,032,412

¹ For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31.12.2018	31.12.2017
	\$'000	\$'000
Cash and cash equivalents (as above)	256,287	219,585
Less: Bank deposits pledged	(21,144)	-
Cash and cash equivalents per consolidated statement of cash flows	235,143	219,585

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

	As at 31.12.2018		As at 31.12.2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand (net of transaction costs)	152,049	56,176	105,166	74,979
Amount repayable after one year (net of transaction costs)	-	86,953	-	41,712

Details of any collaterals

The secured bank borrowings of the Group are secured over certain bank deposits, investment properties and property, plant and equipment.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.
Consolidated Statements of Cash Flows

	12 months ended 31 December	
	2018 \$'000	2017 (restated) \$'000
Cash flows from operating activities		
Total profit	33,448	22,006
Adjustments for:		
Income tax expense	2,212	3,698
Depreciation of property, plant and equipment	10,173	10,997
Amortisation of intangible assets	3,189	3,301
Loss on disposal of property, plant and equipment	143	79
Loss on disposal of investment property	74	-
Fair value gains on investment properties	(16,583)	(5,876)
Revaluation (gains)/losses on property, plant and equipment	(1,745)	5,378
Write-off of property, plant and equipment	5	4
Impairment of hospitality lease and management agreements	-	110
Impairment of property, plant and equipment	898	-
Interest income	(3,993)	(2,897)
Interest expense	5,188	4,300
Share of profit of joint ventures	(9,563)	(11,809)
Share of profit of associated companies	(3,376)	(2,678)
Unrealised currency translation losses	8,894	601
	28,964	27,214
Change in working capital:		
Trade and other receivables	1,067	5,814
Inventories	(36)	24
Development properties	(10,666)	(8,709)
Trade and other payables	(18,460)	(11,263)
Provisions	(1,148)	(626)
Cash generated from operations	(279)	12,454
Interest paid	(224)	(135)
Income tax paid - net	(6,262)	(3,416)
Net cash (used in)/provided by operating activities	(6,765)	8,903

1(c) (continued)

Consolidated Statements of Cash Flows (continued)

	12 months ended	
	31 December	
	2018	2017
		(restated)
	\$'000	\$'000
Cash flows from investing activities		
Additions to property, plant and equipment	(4,628)	(3,720)
Proceeds from disposal of property, plant and equipment	5	224
Additions to investment properties	(18,924)	(37,285)
Proceeds from disposal of investment property	1,861	-
Dividends received from joint ventures	36,753	14,100
Investment in a joint venture	(35,358)	-
Repayment of advances from joint ventures	(23,873)	-
Repayment of advances to joint ventures	18,281	39,752
Advances from/(to) joint ventures	19,142	(1,356)
Advance payment for a joint venture ²	(19,327)	-
Interest received	3,624	2,937
Income tax refund - net	1,238	-
Net cash (used in)/provided by investing activities	(21,206)	14,652
Cash flows from financing activities		
Proceeds from borrowings	85,567	52,608
Repayment of borrowings	-	(36,592)
Interest paid	(5,917)	(5,294)
Dividend paid to equity holders of the Company	(8,148)	(21,605)
Repayment of advances from non-controlling interest	-	(1,731)
Net cash provided by/(used in) financing activities	71,502	(12,614)
Net increase in cash and cash equivalents	43,531	10,941
Cash and cash equivalents		
Beginning of financial year	219,585	209,262
Less: Bank deposits pledged ³	(21,144)	-
Effects of currency translation on cash and cash equivalents	(6,829)	(618)
End of financial year	235,143	219,585

² On 28 May 2018, the Group, through its subsidiary Far East Hospitality Holdings Pte. Ltd. ("FEHH"), entered into a joint venture with Boo Han Holdings Pte. Ltd., a related party, to jointly forward purchase a trust beneficiary interest of a plot of land and hotel to be constructed thereon in Japan. At the balance sheet date, the joint venture entity had not been set up. Upon the incorporation of the joint venture entity, the advance payment made by FEHH on 28 May 2018 in relation to the forward purchase will be transferred to the joint venture entity as equity investment.

³ Certain bank deposits are pledged in relation to the security granted for certain borrowings.

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.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company						Total	Non-controlling interest	Total equity	
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve				Retained profits
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2018										
Balance at 1 January 2018	479,244	10,557	339,868	(17,930)	(395)	(350)	432,561	1,243,555	35,767	1,279,322
Effects of adoption of SFRS(I) 15	-	-	-	-	-	-	576	576	-	576
Balance at 1 January 2018 (as restated)	479,244	10,557	339,868	(17,930)	(395)	(350)	433,137	1,244,131	35,767	1,279,898
Profit for the year	-	-	-	-	-	-	32,937	32,937	511	33,448
Other comprehensive income/(loss) for the year	-	-	18,436	(20,104)	(2,095)	53	-	(3,710)	(4,937)	(8,647)
Total comprehensive income/(loss) for the year	-	-	18,436	(20,104)	(2,095)	53	32,937	29,227	(4,426)	24,801
Shares issued in-lieu of cash for dividend relating to 2017	17,360	-	-	-	-	-	(17,360)	-	-	-
Dividend paid in cash relating to 2017	-	-	-	-	-	-	(8,148)	(8,148)	-	(8,148)
Transfer of share of associated company's fair value reserve upon disposal	-	-	-	-	304	-	(304)	-	-	-
Total transactions with owners, recognised directly in equity	17,360	-	-	-	304	-	(25,812)	(8,148)	-	(8,148)
Balance at 31 December 2018	496,604	10,557	358,304	(38,034)	(2,186)	(297)	440,262	1,265,210	31,341	1,296,551
2017										
Balance at 1 January 2017	475,489	10,557	329,261	(20,085)	(2,393)	(533)	436,315	1,228,611	31,466	1,260,077
Effects of adoption of SFRS(I) 15	-	-	-	-	-	-	429	429	-	429
Balance at 1 January 2017 (as restated)	475,489	10,557	329,261	(20,085)	(2,393)	(533)	436,744	1,229,040	31,466	1,260,506
Profit for the year	-	-	-	-	-	-	21,753	21,753	253	22,006
Other comprehensive income for the year	-	-	10,607	2,155	1,998	183	-	14,943	4,048	18,991
Total comprehensive income for the year	-	-	10,607	2,155	1,998	183	21,753	36,696	4,301	40,997
Shares issued in-lieu of cash for dividend relating to 2016	3,755	-	-	-	-	-	(3,755)	-	-	-
Dividend paid in cash relating to 2016	-	-	-	-	-	-	(21,605)	(21,605)	-	(21,605)
Total transactions with owners, recognised directly in equity	3,755	-	-	-	-	-	(25,360)	(21,605)	-	(21,605)
Balance at 31 December 2017	479,244	10,557	339,868	(17,930)	(395)	(350)	433,137	1,244,131	35,767	1,279,898

1(d)(i) (continued)

Company's Statement of Changes in Equity

	Share capital \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 January 2018	479,244	281,999	260,987	1,022,230
Profit for the year	-	-	15,139	15,139
Other comprehensive income for the year	-	10,968	-	10,968
Total comprehensive income for the year	-	10,968	15,139	26,107
Shares issued in-lieu of cash for dividend relating to 2017	17,360	-	(17,360)	-
Dividend relating to 2017 paid in cash	-	-	(8,148)	(8,148)
Total transactions with owners, recognised directly in equity	17,360	-	(25,508)	(8,148)
Balance at 31 December 2018	496,604	292,967	250,618	1,040,189
	Share capital \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 January 2017	475,489	278,022	278,901	1,032,412
Profit for the year	-	-	7,446	7,446
Other comprehensive income for the year	-	3,977	-	3,977
Total comprehensive income for the year	-	3,977	7,446	11,423
Shares issued in-lieu of cash for dividend relating to 2016	3,755	-	(3,755)	-
Dividend relating to 2016 paid in cash	-	-	(21,605)	(21,605)
Total transactions with owners, recognised directly in equity	3,755	-	(25,360)	(21,605)
Balance at 31 December 2017	479,244	281,999	260,987	1,022,230

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	3 months ended	
	31.12.2018	30.09.2018
<u>Ordinary shares fully paid</u>	<u>'000</u>	<u>'000</u>
Number of shares at beginning of financial period	437,204	425,132
Number of shares issued in-lieu of cash for dividend	-	12,072
Number of shares at end of financial period	437,204	437,204

The Company does not have any convertibles.

The Company does not have any treasury shares.

The Company does not have any subsidiary that holds shares issued by the Company.

- 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 immediately preceding year.**

	As at 31.12.2018	As at 31.12.2017
	'000	'000
Number of issued shares excluding treasury shares	437,204	425,132
The Company does not have any treasury shares.		

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

Not applicable as the Company does not have any treasury shares.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Company's auditor.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable. Refer to paragraph 2 above.

- 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 stated in paragraph 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.

Certain comparative figures have been reclassified to conform to current year's presentation.

- 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, amendment and interpretation to existing standards which is mandatory for accounting periods beginning on or after 1 January 2018.

(i) Adoption of SFRS(I)

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 quarter 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 IFRS*. 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. The adoption of SFRS(I) did not result in any 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 relevant optional exemptions.

(ii) SFRS(I) 15 Revenue from Contracts with Customers ("SFRS(I) 15")

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

5 (continued)

(ii) SFRS(I) 15 Revenue from Contracts with Customers ("SFRS(I) 15") (continued)

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.

SFRS(I) 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Under SFRS(I) 15, entities sometimes incur costs (such as sales commissions) to obtain or fulfil a contract. Contract costs that meet certain criteria are capitalised as an asset and are amortised as revenue is recognised.

The Group incurred sales commissions for sale of units in a property development project through a joint venture. In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively and the adjustments are as follows:

Consolidated Statement of Comprehensive Income

	Reported under SFRS \$'000	Effects of applying SFRS(I) 15 \$'000	Reported under SFRS(I) \$'000
<u>For the financial year ended 31 December 2017</u>			
Share of profit of joint ventures	11,662	147	11,809
Profit before income tax	25,557	147	25,704
Total profit	21,859	147	22,006
Total comprehensive income	40,850	147	40,997
Total profit attributable to equity holders of the Company	21,606	147	21,753
Total comprehensive income attributable to equity holders of the Company	36,549	147	36,696

Consolidated Balance Sheet

	Reported under SFRS \$'000	Effects of applying SFRS(I) 15 \$'000	Reported under SFRS(I) \$'000
<u>As at 1 January 2017</u>			
Investments in joint ventures	465,689	429	466,118
Total non-current assets	1,682,529	429	1,682,958
Total assets	2,071,200	429	2,071,629
Retained profits	436,315	429	436,744
Capital and reserves attributable to equity holders of the Company	1,228,611	429	1,229,040
Net assets / total equity	1,260,077	429	1,260,506
<u>As at 31 December 2017</u>			
Investments in joint ventures	480,127	576	480,703
Total non-current assets	1,684,263	576	1,684,839
Total assets	2,086,719	576	2,087,295
Retained profits	432,561	576	433,137
Capital and reserves attributable to equity holders of the Company	1,243,555	576	1,244,131
Net assets / total equity	1,279,322	576	1,279,898

There was no restatement required to the Balance Sheet of the Company.

5 (continued)

Consolidated Statement of Cash Flows

	Reported under SFRS	Effects of applying SFRS(I) 15	Reported under SFRS(I)
	\$'000	\$'000	\$'000
<u>For the financial year ended 31 December 2017</u>			
Total profit	21,859	147	22,006
Share of profit of joint ventures	(11,662)	(147)	(11,809)

 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.**

	12 months ended 31 December	
	2018 cents	2017 cents (restated)
Earnings per ordinary share (EPS) for the period based on net profits attributable to shareholders after deducting any provision for preference dividends: -		
(i) Based on weighted average number of ordinary shares in issue	7.64	5.13
(ii) On a fully diluted basis	7.64	5.13

The Company does not have any preference shares.

 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	As at 31.12.2018	As at 31.12.2017 (restated)	As at 31.12.2018	As at 31.12.2017 (restated)
Net asset value (NAV) per ordinary share based on total number of issued shares excluding treasury shares as at the end of the year	\$2.89	\$2.93	\$2.38	\$2.40

The Company does not have any treasury shares.

 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.

 (a) **Group performance review for the year ended 31 December 2018 ("FY18")**
Revenue

The Group's sales for FY18 decreased marginally from \$151.6 million in FY17 to \$150.9 million in FY18. Excluding the effects of foreign exchange translation losses amounting to \$2.9 million, sales increased by \$2.2 million. A decline in sales from our hospitality business in Australia due to weak market conditions in Perth and Melbourne was offset by higher sales from Orchard Rendezvous Hotel following its rebranding from Orchard Parade Hotel and the continued ramped up operations of Oasia Suites Kuala Lumpur, and the opening of two student accommodation properties in Newcastle upon Tyne in September 2017.

8 (continued)

(a) Group performance review for the year ended 31 December 2018 ("FY18") (continued)**Gross profit**

The Group's gross profit increased from \$52.2 million in FY17 to \$53.4 million in FY18.

The increase in gross profit was due to higher gross profit contribution from Oasia Suites Kuala Lumpur and the student accommodation business in the UK, partially offset by lower gross profit contribution from our hospitality business in Australia as explained above.

Depreciation of property, plant and equipment was lower due to lower carrying value of assets after the recognition of revaluation losses in 2017.

Other income

Other income for FY18 was \$1.1 million higher than FY17. This was due to higher interest income from increase in cash and cash equivalents held in the banks in FY18.

Other gains – net

The Group's other net gains for FY18 comprised mainly fair value gains on investment properties in Singapore and student accommodation properties in the UK of \$16.6 million (2017: \$5.9 million) due to the improvement in the underlying operating performance and compression in capitalisation rates, and revaluation gains on hospitality assets in Perth, Australia and Malaysia of \$1.7 million (FY17: revaluation losses of \$5.4 million), partially offset by currency translation losses of \$8.9 million (FY17: \$0.3 million), arising from monetary assets and liabilities denominated in Australian Dollar which depreciated significantly against Singapore Dollar in FY18.

Expenses

Total expenses for FY18, excluding cost of sales, were \$43.3 million, compared to \$44.3 million in FY17.

Administrative expenses were lower due to lower staff cost and reversal of prior years' accrual of one-off business costs not required. This was partially offset by increase in distribution and marketing expenses, mainly due to higher spend on advertising and promotions and investment in backend infrastructure for its Singapore hospitality management business and higher interest expenses. The recognition of higher interest expenses on bank borrowings in profit or loss was attributed to the opening of the two student accommodation properties in Newcastle upon Tyne in September 2017.

Share of profit of joint ventures

The Group's share of profit of joint ventures for FY18 was \$9.6 million, compared to \$11.8 million in FY17. This was mainly due to lower share of profit from its joint venture property development project in Australia, Harbourfront Balmain recognised in FY18 as majority of the share of profit was recognised in prior year.

In addition, the Group's share of profit of its hospitality joint venture in Australia was also lower mainly due to the recognition of share of a one-off provision for an onerous hospitality lease agreement in Melbourne. This was offset by higher profit from the hospitality joint venture in Europe, driven by strong performance of the hotels in Germany during the year.

Share of profit of associated companies

The Group's share of profit of associated companies was higher due to increased contributions from FEO Hospitality Asset Management Pte Ltd ("FEOHAM"). FEOHAM recognised a one-off acquisition fee from the acquisition of Oasia Hotel Downtown by Far East Hospitality Real Estate Investment Trust (Far East H-REIT) in April 2018.

Income tax expense

Income tax expenses for FY18 was \$1.5 million lower compared to FY17. This was largely due to receipt of tax credits on foreign withholding taxes previously paid on dividends received from a joint venture.

8 (continued)

(b) Cash flow, working capital, assets or liabilities of the Group**Cash flow and working capital**

The Group generated a net increase in cash and cash equivalents for FY18 of \$43.5 million compared to \$10.9 million in FY17.

Net cash outflows from operating activities of the Group for FY18 were \$6.8 million compared to net cash inflows of \$8.9 million for FY17. The net cash outflows were mainly due to lower trade and other payables, higher income tax paid and costs incurred on the development property in the United Kingdom ("UK").

Net cash outflows from investing activities of the Group for FY18 were \$21.2 million compared to net cash inflows of \$14.7 million for FY17. This was mainly due to an advance payment for a joint venture⁴ of JPY1,575.1 million (equivalent to \$19.3 million), an equity injection amounting to A\$33.8 million (\$34.0 million) into a hospitality joint venture, Toga Hotel Holdings Unit Trust ("THHUT"), to increase the Group's equity interest from 45.6% to 50.0%, and additions to investment properties under development in the UK.

Net cash inflows from financing activities of the Group for FY18 were \$71.5 million compared to net cash outflows of \$12.6 million for FY17. This was due to drawdown of bank borrowings to finance the prepayment of investment in a joint venture entity⁴, the equity injection into THHUT, and the development of the residential and student accommodation properties in the UK. The cash inflows were partially offset by payout of cash dividends of \$8.1 million during the year.

Assets

Total assets as at 31 December 2018 were \$2,145.4 million. Compared to 31 December 2017, total assets increased by \$58.1 million mainly due to the increase in cash and cash equivalents, the capitalisation of the on-going construction costs of the properties under development in the UK and the increase in property, plant and equipment and investment properties following the recognition of valuation gains during the year.

Other non-current assets as at 31 December 2018 were \$19.6 million, or \$1.0 million higher compared to 31 December 2017. As at 31 December 2018, the Group made a prepayment of investment in a joint venture⁴ of JPY1,575.1 million (equivalent to \$19.3 million), partially offset by repayment of advances from the Harbourfront Balmain joint venture of \$18.3 million during the year.

Liabilities

Total liabilities as at 31 December 2018 were \$848.8 million. Compared to 31 December 2017, total liabilities increased by \$41.4 million due to an increase in trade and other payables and additional bank borrowings to finance developments, the prepayment of investment in a joint venture⁴ and the equity injection into THHUT.

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

The results are in line with comments previously disclosed to shareholders.

⁴ On 28 May 2018, the Group, through its subsidiary Far East Hospitality Holdings Pte. Ltd. ("FEHH"), entered into a joint venture with Boo Han Holdings Pte. Ltd., a related party, to jointly forward purchase a trust beneficiary interest of a plot of land and hotel to be constructed thereon in Japan. At the balance sheet date, the joint venture entity had not been set up. Upon the incorporation of the joint venture entity, the advance payment made by FEHH on 28 May 2018 in relation to the forward purchase will be transferred to the joint venture entity as equity investment.

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.

Hospitality

Near-term outlook for the Singapore tourism sector is positive, with an expected increase in visitor arrivals. In 2019, the Group will open three hotels under management - Village Hotel at Sentosa, The Outpost Hotel at Sentosa and The Barracks Hotel at Sentosa. Demand for serviced residences is expected to lag that of hotels as corporate long-stay demand remains soft.

International and domestic visitor nights in Australia are expected to remain healthy in the near term. Performance of hotels in Sydney, Melbourne and Perth is expected to soften as new room supply outpaces demand. While Brisbane hotels are supported by strengthening corporate demand, new hotel openings in 2018 and 2019 are expected to weigh on growth in room rates in the near-term. The Group remains focused on driving operational efficiencies in the cities it operates in.

The United Nations World Tourism Organization forecasts growth of up to 4% in international tourism arrivals to Europe in 2019. The growing demand for service apartments in Germany bodes well for the Group's existing and pipeline properties under the Adina Apartment Hotel brand.

For FY 2018, the Group, through its subsidiaries and hospitality joint ventures, signed hotel management contracts for 2,600 rooms in Australia, New Zealand, Germany, Switzerland and Singapore, bringing the total hospitality pipeline to more than 4,500 rooms. These properties will progressively open from mid-2019 onwards to 2021. The Group will continue to grow its hospitality businesses by increasing the number of management contracts. It will also consider acquisitions of strategic assets and opportunities to deliver higher return on divestment as they arise.

Property

Near-term outlook for the Singapore residential market is expected to remain subdued. Private home prices are expected to remain soft this year due to the combined effects of government property cooling measures introduced in 2018, a higher interest-rate environment and significant launch pipeline for 2019. The Group's residential projects have been fully sold as at 31 December 2018. The office market is forecast to continue to benefit from healthy demand and limited supply. The Group continues to actively market and sell its integrated office development project, Woods Square, which is expected to be completed in 2019.

The Group's first residential development in the UK - Westminster Fire Station, located in prime central London, is scheduled for completion this year. In the near-term, the London property market is expected to be weighed down by the uncertainty surrounding Brexit and a weak economy. The Group remains confident about the long-term fundamentals of the UK property market in prime residential locations.

The Group currently has an operational portfolio of 1,469 beds in Newcastle upon Tyne which will continue to contribute to its recurring income. Hollingbury House, the Group's 193-bed student accommodation building in Brighton is slated for completion in 2019. Demand for purpose-built student accommodation remains strong with continued demand for UK higher education courses and a healthy national student to bed ratio^{5,6}.

The Group will continue to seek real estate development or investment opportunities that fit its strategy as a diversified real estate group.

⁵ 2018 End of Cycle Report, UCAS, 29 Nov 2018

⁶ UK Student Accommodation Report 2018/19, Cushman & Wakefield, 18 Dec 2018

11 Dividend

(a) Current Financial Period Reported On

The Board of Directors is pleased to recommend the following dividend in respect of the financial year ended 31 December 2018 for approval by shareholders at the next Annual General Meeting to be convened:

Name of Dividend	- First and Final (One-tier tax exempt)
Dividend Type	- Cash or share in-lieu
Dividend Amount Per Share	- 6.00 cents - First and final dividend

(b) Corresponding Period of the Immediately Preceding Financial Year

The following dividend was declared and paid in respect of financial year ended 31 December 2017 as approved by shareholders at the Annual General Meeting held at 24 April 2018:

Name of Dividend	- First and Final (One-tier tax exempt)
Dividend Type	- Cash or share in-lieu
Dividend Amount Per Share	- 6.00 cents - First and final dividend

The dividend was paid on 4 July 2018.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained approval for a shareholders' mandate for interested person transactions under Rule 920(1)(a)(ii) as set out in the circular to shareholders dated 24 June 2013.

Name of interested person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	12 months ended 31 December 2018 \$'000	12 months ended 31 December 2018 \$'000
Boo Han Holdings Pte. Ltd.		
Hospitality management income	735	-
Transaction with an interested person in relation to a conditional purchase and sale agreement for the joint purchase of a plot of land and hotel to be constructed thereon in Japan ⁷	-	(19,327)
China Classic Pte Ltd		
Hospitality management income	166	-
Dollar Land Singapore Private Limited		
Hospitality management income	310	-
Far East Hospitality Real Estate Investment Trust		
Rental expense on operating leases		
- offices	(1,233)	-
- hotels and serviced residences	(22,539)	-
Far East Management (Private) Limited		
Management service fees	(2,323)	-
Hospitality services	(2,169)	-
Project management service fees	(111)	-
Far East Organization Centre Pte Ltd		
Hospitality management income	2,254	-
Far East Rocks Pty Ltd		
Rental expense on operating leases - hotel	(1,373)	-
Far East Soho Pte. Ltd.		
Hospitality management income	1,639	-
Golden Development Private Limited		
Hospitality management income	2,647	-
Golden Landmark Pte Ltd		
Hospitality management income	1,418	-
Kitchen Language Pte. Ltd.		
Supply of goods and services	(148)	-
Orchard Mall Pte. Ltd.		
Hospitality management income	887	-
Orchard Parksuites Pte Ltd		
Hospitality management income	1,442	-
Oxley Hill Properties Pte Ltd		
Hospitality management income	560	-

⁷ As set out in the Group's announcement dated 28 May 2018.

13 (continued)

Name of interested person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	12 months ended 31 December 2018 \$'000	12 months ended 31 December 2018 \$'000
Riverland Pte Ltd Hospitality management income	439	-
Serene Land Pte Ltd Hospitality management income	1,775	-
Splendid Properties Pte Ltd Rental expense on office operating leases	(125)	-
Transurban Properties Pte Ltd Hospitality management income	1,756	-

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

Far East Orchard Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

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 financial statements, with comparative information for the immediately preceding year.

	Hospitality			Property ownership	Property		Total
	Management services-Singapore	Operations-Singapore	Operations-Australia and New Zealand		Development	Investment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018							
Total segment sales	19,905	44,678	14,026	58,636	241	16,760	154,246
Inter-segment sales	(3,335)	-	-	-	-	-	(3,335)
Sales to external parties	16,570	44,678	14,026	58,636	241	16,760	150,911
Operating profit	2,978	1,193	1,093	5,769	381	10,242	21,656
Share of profit of:							
- joint ventures	-	-	2,444	2,189	4,930	-	9,563
- associated companies	-	3,376	-	-	-	-	3,376
Total operating profit	2,978	4,569	3,537	7,958	5,311	10,242	34,595
Corporate expenses							(8,960)
Interest income							3,993
Interest expense							(5,188)
Others*							11,220
Profit before income tax							35,660
Income tax expense							(2,212)
Total profit							33,448
Segment assets	122,311	341,061	14,925	290,420	168,435	498,830	1,435,982
Investments in associated companies	-	15,921	-	-	-	-	15,921
Investments in joint ventures	-	-	222,385	62,258	194,625	-	479,268
	122,311	356,982	237,310	352,678	363,060	498,830	1,931,171
Corporate assets							214,186
Total assets							2,145,357

* Material and non-cash items are disclosed as "Other gains – net" in Section 1(a)(ii).

15 (continued)

	Hospitality			Property ownership \$'000	Property		Total \$'000
	Managem nt services- Singapore \$'000	Operations -Singapore \$'000	Operations- Australia and New Zealand \$'000		Development \$'000	Investment \$'000	
<u>2017 (as restated)</u>							
Total segment sales	19,407	42,830	15,577	62,272	-	14,821	154,907
Inter-segment sales	(3,286)	-	-	-	-	-	(3,286)
Sales to external parties	<u>16,121</u>	<u>42,830</u>	<u>15,577</u>	<u>62,272</u>	<u>-</u>	<u>14,821</u>	<u>151,621</u>
Operating profit	2,646	2,393	1,828	6,212	173	9,471	22,723
Share of profit of:							
- joint ventures	-	-	3,718	872	7,088	131	11,809
- associated companies	-	2,678	-	-	-	-	2,678
Total operating profit	<u>2,646</u>	<u>5,071</u>	<u>5,546</u>	<u>7,084</u>	<u>7,261</u>	<u>9,602</u>	<u>37,210</u>
Corporate expenses							(10,536)
Interest income							2,897
Interest expense							(4,300)
Others*							433
Profit before income tax							25,704
Income tax expense							(3,698)
Total profit							<u>22,006</u>
Segment assets	125,129	329,313	15,922	308,966	180,257	465,209	1,424,796
Investments in associated companies	-	14,640	-	-	-	-	14,640
Investments in joint ventures	-	-	199,547	58,715	222,441	-	480,703
	<u>125,129</u>	<u>343,953</u>	<u>215,469</u>	<u>367,681</u>	<u>402,698</u>	<u>465,209</u>	<u>1,920,139</u>
Corporate assets							167,156
Total assets							<u>2,087,295</u>

* Material and non-cash items are disclosed as "Other gains – net" in Section 1(a)(ii).

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Material changes in contributions to sales and operating profit of the hospitality and property divisions are due to the same reasons as explained in paragraph 8(a).

17 A breakdown of sales

	Group		
	12 months ended 31 December		
	2018	2017 (restated)	Increase / (Decrease) %
	\$'000	\$'000	
Sales reported for 1st half year	74,945	75,648	(0.9)
Net profit after tax before deducting minority interests reported for 1st half year	9,043	7,128	26.9
Sales reported for 2nd half year	75,966	75,973	(0.0)
Net profit after tax before deducting minority interests reported for 2nd half year	24,405	14,878	64.0

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

Total Annual Dividend

	Latest Full Year	Previous Full Year
	\$'000	\$'000
First and final dividend	26,232	25,508

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) for the financial year ended 31 December 2018.

There are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

 Koh Boon Hwee
 Chairman

26 February 2019

 Lui Chong Chee
 Group CEO & Managing Director