



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

**FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THREE MONTHS ENDED 31 MARCH 2014**

**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 FIRST QUARTER RESULTS**

|                                             | Group                   |            |            |
|---------------------------------------------|-------------------------|------------|------------|
|                                             | 3 Months Ended 31 March |            |            |
|                                             | 2014                    | 2013       | Increase / |
|                                             | S\$'000                 | (Restated) | (Decrease) |
|                                             |                         | S\$'000    | %          |
| Revenue                                     | 2,681                   | 2,913      | (8.0)      |
| Other operating income                      | 722                     | 779        | (7.3)      |
| Personnel expenses                          | (808)                   | (771)      | 4.8        |
| Depreciation of fixed assets                | (54)                    | (61)       | (11.5)     |
| Other operating expenses                    | (1,110)                 | (835)      | 32.9       |
| Profit from operations                      | 1,431                   | 2,025      | (29.3)     |
| Finance expenses                            | (1,997)                 | (536)      | 272.6      |
| Finance income                              | 848                     | 721        | 17.6       |
| Share of profits of associated companies    | 2,216                   | 817        | 171.2      |
| Profit before tax from operations           | 2,498                   | 3,027      | (17.5)     |
| Income tax expense                          | (68)                    | (334)      | (79.6)     |
| Profit for the period, net of tax           | 2,430                   | 2,693      | (9.8)      |
| <b>Other comprehensive income:</b>          |                         |            |            |
| Foreign currency translation                | (518)                   | 178        | (391.0)    |
| Total comprehensive income for the period   | 1,912                   | 2,871      | (33.4)     |
| Profit attributable to:                     |                         |            |            |
| Owners of the parent                        | 2,416                   | 2,693      | (10.3)     |
| Non-controlling interests                   | 14                      | -          | N.M        |
|                                             | 2,430                   | 2,693      | (9.8)      |
| Total comprehensive income attributable to: |                         |            |            |
| Owners of the parent                        | 2,010                   | 2,871      | (30.0)     |
| Non-controlling interests                   | (98)                    | -          | N.M        |
|                                             | 1,912                   | 2,871      | (33.4)     |

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**

|                                                  | <b>Group</b> |                          | <b>Company</b> |                          |
|--------------------------------------------------|--------------|--------------------------|----------------|--------------------------|
|                                                  | 31-03-14     | 31/12/2013<br>(Restated) | 31-03-14       | 31/12/2013<br>(Restated) |
|                                                  | \$'000       | \$'000                   | \$'000         | \$'000                   |
| <b>Non-Current Assets</b>                        |              |                          |                |                          |
| Fixed assets                                     | 404          | 455                      | 180            | 206                      |
| Investment properties                            | 189,647      | 138,900                  | -              | -                        |
| Subsidiaries                                     | -            | -                        | 31,670         | 31,670                   |
| Associated companies and joint venture companies | 214,130      | 186,280                  | 5,000          | 5,000                    |
| Other investments                                | 8,770        | 3,050                    | -              | -                        |
| Intangible assets                                | 109          | 109                      | -              | -                        |
| Deferred tax assets                              | 8            | 8                        | 8              | 8                        |
|                                                  | 413,068      | 328,802                  | 36,858         | 36,884                   |
| <b>Current assets</b>                            |              |                          |                |                          |
| Development properties                           | 225,429      | 224,261                  | 68,807         | 69,055                   |
| Trade receivables                                | 272          | 287                      | 1              | 1                        |
| Other receivables                                | 3,525        | 6,039                    | 39             | 737                      |
| Prepayments                                      | 608          | 835                      | 67             | 307                      |
| Amounts due from subsidiaries (non-trade)        | -            | -                        | 193,304        | 128,567                  |
| Amounts due from related parties (trade)         | 11           | 13                       | -              | -                        |
| Fixed deposits                                   | 6,000        | 47,124                   | 6,000          | 47,000                   |
| Cash and bank balances                           | 2,080        | 9,155                    | 1,176          | 3,550                    |
|                                                  | 237,925      | 287,714                  | 269,394        | 249,217                  |
| <b>Current Liabilities</b>                       |              |                          |                |                          |
| Trade payables                                   | 4,706        | 6,710                    | 70             | 529                      |
| Other payables and accruals                      | 4,586        | 4,728                    | 2,524          | 1,683                    |
| Amounts due to subsidiaries (non-trade)          | -            | -                        | 29,101         | 14,958                   |
| Amounts due to related parties (non-trade)       | -            | -                        | -              | -                        |
| Amounts due to associated companies (non-trade)  | 20,151       | -                        | -              | -                        |
| Lease obligations                                | 41           | 45                       | -              | 4                        |
| Short-term bank loans                            | 7,000        | 1,000                    | 7,000          | 1,000                    |
| Bank term loans                                  | 144,209      | 56,365                   | -              | -                        |
| Bank overdrafts                                  | 752          | -                        | 408            | -                        |
| Income tax payable                               | 1,605        | 1,367                    | 80             | 85                       |
|                                                  | 183,050      | 70,215                   | 39,183         | 18,259                   |
| <b>Net current assets</b>                        | 54,875       | 217,499                  | 230,211        | 230,958                  |
| <b>Non-current liabilities</b>                   |              |                          |                |                          |
| Other payables and accruals                      | 1,342        | 960                      | -              | -                        |
| Lease obligations                                | 11           | 21                       | -              | -                        |
| Bond                                             | 75,000       | 75,000                   | 75,000         | 75,000                   |
| Bank term loans                                  | 81,328       | 167,191                  | 60,995         | 60,995                   |
|                                                  | (157,681)    | (243,172)                | (135,995)      | (135,995)                |
| <b>Net assets</b>                                | 310,262      | 303,129                  | 131,074        | 131,847                  |
| <b>Share capital and reserves</b>                |              |                          |                |                          |
| Share capital                                    | 58,803       | 58,803                   | 58,803         | 58,803                   |
| Shareholders' contribution                       | 8,596        | 8,596                    | -              | -                        |
| Other reserves                                   | (653)        | (247)                    | -              | -                        |
| Retained earnings                                | 238,397      | 235,981                  | 72,271         | 73,044                   |
|                                                  | 305,143      | 303,133                  | 131,074        | 131,847                  |
| Non-controlling interests                        | 5,119        | (4)                      | -              | -                        |
| <b>Total equity</b>                              | 310,262      | 303,129                  | 131,074        | 131,847                  |

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

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

| As at 31/03/2014 |           | As at 31/12/2013 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 145,002          | 7,000     | 56,410           | 1,000     |

**Amount repayable after one year**

| As at 31/03/2014 |           | As at 31/12/2013 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| S\$'000          | S\$'000   | S\$'000          | S\$'000   |
| 81,339           | 75,000    | 167,212          | 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 FIRST QUARTER CASH FLOW STATEMENTS**

|                                                        | <b>Group</b>                        |                                                |
|--------------------------------------------------------|-------------------------------------|------------------------------------------------|
|                                                        | <b>3 Months Ended 31 March 2014</b> | <b>3 Months Ended 31 March 2013 (Restated)</b> |
|                                                        | <b>2014</b>                         | <b>2013</b>                                    |
|                                                        | <b>\$'000</b>                       | <b>\$'000</b>                                  |
| <b>Cash flows generated from operating activities</b>  |                                     |                                                |
| Profit before tax                                      | 2,498                               | 3,027                                          |
| Adjustments for:                                       |                                     |                                                |
| Depreciation of fixed assets                           | 53                                  | 61                                             |
| Share of profit of associated companies                | (2,216)                             | (817)                                          |
| Interest expense                                       | 1,997                               | 536                                            |
| Interest income                                        | (848)                               | (721)                                          |
| Unrealised exchange differences                        | -                                   | 23                                             |
| Operating cash flows before changes in working capital | 1,484                               | 2,109                                          |
| Increase in development properties                     | (1,351)                             | (4,725)                                        |
| Decrease (Increase) in trade receivables               | 15                                  | (35)                                           |
| Decrease in other receivables                          | 2,801                               | 46                                             |
| Decrease (Increase) in prepayments                     | 227                                 | (24)                                           |
| (Increase) Decrease in trade payables                  | (2,004)                             | 917                                            |
| Increase (Decrease) in other payables and accruals     | 240                                 | (317)                                          |
| Decrease in amounts due to related parties (non-trade) | -                                   | (1,550)                                        |
| Decrease in amount due from related parties (trade)    | 2                                   | 186                                            |
| <b>Cash flows from (used in) operations</b>            | <b>1,414</b>                        | <b>(3,393)</b>                                 |
| Interest received                                      | 848                                 | 721                                            |
| Interest paid, excluding amounts capitalised           | (1,997)                             | (536)                                          |
| Income taxes paid                                      | 174                                 | (42)                                           |
| <b>Net cash used in operating activities</b>           | <b>439</b>                          | <b>(3,250)</b>                                 |

**UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS (CONT'D)**

|                                                                                                  | <b>Group</b>                   |                     |
|--------------------------------------------------------------------------------------------------|--------------------------------|---------------------|
|                                                                                                  | <b>3 Months Ended 31 March</b> |                     |
|                                                                                                  | <b>2014</b>                    | <b>2013</b>         |
|                                                                                                  | <b>\$'000</b>                  | <b>(Restated)</b>   |
|                                                                                                  | <b>\$'000</b>                  | <b>\$'000</b>       |
| <b>Cash flows (used in) from investing activities</b>                                            |                                |                     |
| Purchase of fixed assets                                                                         | (3)                            | (83)                |
| Net cash outflow on acquisition of a subsidiary                                                  | (46,373)                       | -                   |
| Loan to investee company                                                                         | (5,720)                        | (154)               |
| Loan repayment from (loan to and investment in) associated companies and joint venture companies | (5,259)                        | 2,870               |
| Net cash (used in) from investing activities                                                     | <u>(57,355)</u>                | <u>2,633</u>        |
| <b>Cash flows (used in) from financing activities</b>                                            |                                |                     |
| Repayment of lease obligations, net                                                              | (15)                           | (23)                |
| Proceeds from bank loans, net                                                                    | 7,980                          | 10,659              |
| Net cash generated (used in) from financing activities                                           | <u>7,965</u>                   | <u>10,636</u>       |
| <b>Net (decrease) increase in cash and cash equivalents</b>                                      | <b>(48,951)</b>                | <b>10,019</b>       |
| <b>Cash and cash equivalents at beginning of period</b>                                          | <b>56,279</b>                  | <b>(10,166)</b>     |
| <b>Cash and cash equivalents at end of period</b>                                                | <b><u>7,328</u></b>            | <b><u>(147)</u></b> |

**Note: Cash and cash equivalents**

|                           | <b>Group</b>                   |                   |
|---------------------------|--------------------------------|-------------------|
|                           | <b>3 Months Ended 31 March</b> |                   |
|                           | <b>2014</b>                    | <b>2013</b>       |
|                           | <b>\$'000</b>                  | <b>(Restated)</b> |
|                           | <b>\$'000</b>                  | <b>\$'000</b>     |
| Fixed deposits            | 6,000                          | -                 |
| Cash and bank balances    | 2,080                          | 2,694             |
| Bank overdrafts           | (752)                          | (2,841)           |
| Cash and cash equivalents | <u>7,328</u>                   | <u>(147)</u>      |

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### UNAUDITED STATEMENT OF CHANGES IN EQUITY

| Group                                     | Attributable to equity holders of the Company |                                          |                                   |                                 |                  | Non-controlling<br>Interests<br>S\$'000 | Total Equity<br>S\$'000 |
|-------------------------------------------|-----------------------------------------------|------------------------------------------|-----------------------------------|---------------------------------|------------------|-----------------------------------------|-------------------------|
|                                           | Share Capital<br>S\$'000                      | Shareholders'<br>Contribution<br>S\$'000 | Translation<br>Reserve<br>S\$'000 | Retained<br>Earnings<br>S\$'000 | Total<br>S\$'000 |                                         |                         |
| Balance at 1 January 2013                 | 58,803                                        | 8,596                                    | (1,474)                           | 220,541                         | 286,466          | (3)                                     | 286,463                 |
| Total comprehensive income for the period | -                                             | -                                        | 178                               | 2,693                           | 2,871            | -                                       | 2,871                   |
| Balance at 31 March 2013                  | 58,803                                        | 8,596                                    | (1,296)                           | 223,234                         | 289,337          | (3)                                     | 289,334                 |
| Balance at 1 January 2014                 | 58,803                                        | 8,596                                    | (247)                             | 235,981                         | 303,133          | (4)                                     | 303,129                 |
| Total comprehensive income for the period | -                                             | -                                        | (406)                             | 2,416                           | 2,010            | (98)                                    | 1,912                   |
| Acquisition of new subsidiary             | -                                             | -                                        | -                                 | -                               | -                | 5,221                                   | 5,221                   |
| Balance at 31 March 2014                  | 58,803                                        | 8,596                                    | (653)                             | 238,397                         | 305,143          | 5,119                                   | 310,262                 |

  

| Company                                   | Share Capital<br>S\$'000 | Retained<br>Earnings<br>S\$'000 | Total Equity<br>S\$'000 |
|-------------------------------------------|--------------------------|---------------------------------|-------------------------|
| Balance at 1 January 2013                 | 58,803                   | 77,290                          | 136,093                 |
| Total comprehensive income for the period | -                        | 199                             | 199                     |
| Balance at 31 March 2013                  | 58,803                   | 77,489                          | 136,292                 |
| Balance at 1 January 2014                 | 58,803                   | 73,044                          | 131,847                 |
| Total comprehensive income for the period | -                        | (773)                           | (773)                   |
| Balance at 31 March 2014                  | 58,803                   | 72,271                          | 131,074                 |

- 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 2014 to 31 March 2014.

There are 44,725,994 outstanding convertibles as at 31 March 2014 (Nil as at 31 March 2013) which entitle the holders to subscribe for new ordinary shares at the exercise price of S\$0.70 each.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

The Company did not hold any treasury shares as at 31 March 2014 and 31 December 2013.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2014 and 31 December 2013 was 268,615,194.

The Company did not issue any preference shares as at 31 March 2014 and 31 December 2013.

**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 31 March 2014.

**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**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2013, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014.

Financial Reporting Standards ("FRS") which became effective for the Group's financial period beginning 1 January 2014 are:

FRS 27 Separate Financial Statements  
FRS 28 Investments in Associates and Joint Ventures  
FRS 110 Consolidated Financial Statements  
FRS 111 Joint Arrangements  
FRS 112 Disclosure of Interest in Other Entities  
FRS 32 Offsetting Financial Assets and Financial Liabilities  
FRS 110, FRS 111 and FRS 112 Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities  
FRS 110, FRS 112 and FRS 27 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities  
FRS 36 Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets  
Amendments to  
FRS 39:  
– Improvements to FRSs (January 2014)  
Amendments to  
FRS 19:  
– Improvements to FRSs (February 2014)  
INT FRS 121 Levies

Except for FRS 111 and Revised FRS 28 and FRS 112, the adoption of the other standards above have no material impact on the financial statements. The nature of the changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described in paragraph 5 below.

**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**

**FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures**

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

Management has assessed the impact of the above change in accounting standards on the Group's financials, and as a result, equity accounting for the Company's 3 joint venture companies (Buildhome Pte. Ltd. – 50%, Canberra Development Pte Ltd – 50% and Phileap Pte. Ltd. – 25%) has been applied in accordance with FRS 111 and the revised FRS 28. The change has been applied retrospectively, and accordingly, the financials as at 31 December 2013 have been re-stated.

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it has no impact to the financial position and financial performance.

The effects on the Financial Statements for the adoption of the Amendments to FRS 111 are as follows:

(Decrease)/increase in:

Group Balance Sheet

|                                                  | <b>Group</b>     |
|--------------------------------------------------|------------------|
|                                                  | <b>31-12-13</b>  |
|                                                  | <b>\$'000</b>    |
| <b>Non-Current Assets</b>                        |                  |
| Fixed assets                                     | (2)              |
| Investment properties                            | (126,202)        |
| Associated companies and joint venture companies | 89,240           |
| Deferred tax assets                              | (54)             |
|                                                  | <b>(37,018)</b>  |
| <b>Current assets</b>                            |                  |
| Development properties                           | (105,533)        |
| Trade receivables                                | (3,522)          |
| Other receivables                                | (10)             |
| Prepayments                                      | (415)            |
| Fixed deposits                                   | (3,463)          |
| Cash and bank balances                           | (1,971)          |
|                                                  | <b>(114,914)</b> |
| <b>Current Liabilities</b>                       |                  |
| Trade payables                                   | (3,529)          |
| Other payables and accruals                      | (2,068)          |
| Short-term bank loans                            | (12,000)         |
| Bank term loans                                  | (65,895)         |
| Income tax payable                               | (539)            |
|                                                  | <b>(84,031)</b>  |
| <b>Net current assets</b>                        | <b>(30,883)</b>  |
| <b>Non-current liabilities</b>                   |                  |
| Other payables and accruals                      | (400)            |
| Bank term loans                                  | (67,501)         |
|                                                  | <b>67,901</b>    |
| <b>Net assets</b>                                | <b>-</b>         |

Consolidated Statement of Comprehensive Income

3 months ended  
31 March 2013  
\$'000

|                                          |         |
|------------------------------------------|---------|
| (Decrease) / Increase in:                |         |
| Revenue                                  | (9,920) |
| Cost of sales                            | (7,547) |
| Other operating income                   | 511     |
| Personnel expenses                       | (22)    |
| Depreciation of fixed assets             | (1)     |
| Other operating expenses                 | (761)   |
| Financial expenses                       | (604)   |
| Financial income                         | (3)     |
| Share of profits of associated companies | 367     |
| Profit before tax from operations        | (110)   |
| Income tax expense                       | (110)   |
| Profit for the period, net of tax        | -       |

**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           |                 |               |
|------------------------------------------------------------------------------------------|-----------------|-----------------|---------------|
|                                                                                          | 1Q2014<br>Cents | 1Q2013<br>Cents | Increase<br>% |
| Earnings per ordinary share attributable to equity holders of the Company for the period |                 |                 |               |
| (a) On a basic basis                                                                     | 0.90            | 1.20            | (25.3)        |
| (b) On a fully diluted basis                                                             | 0.90            | 1.20            | (25.3)        |

Earnings per share for 1Q2014 has been computed based on 268,615,194 ordinary shares in issue as at 31 March 2014.

Earnings per share for 1Q2013 has been computed based on 223,846,000 ordinary shares in issue as at 31 March 2013.

**7**

**Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current period reported on; and  
(b) immediately preceding financial year

|                                                                                                       | Group             |                   | Company           |                   |
|-------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                                       | 31-03-14<br>Cents | 31-12-13<br>Cents | 31-03-14<br>Cents | 31-12-13<br>Cents |
| Net asset value per ordinary share based on issued share capital at the end of the period reported on | 113.60            | 112.85            | 48.80             | 49.08             |

The above have been computed based on 268,615,194 ordinary shares in issue as at 31 March 2014 and 31 December 2013.

**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 for 1Q2014 and 1Q2013 comprised rental income from investment properties.

The Group's turnover for the period ended 31 March 2014 ("1Q2014") declined by 8% to \$2.68 million compared to \$2.91 million for the previous corresponding period ended 31 March 2013 ("1Q2013"). This was mainly due to absence of rental income during 1Q2014 from El Centro, which is currently being redeveloped into Onze@Tanjong Pagar, a mixed development project.

Other operating income declined by 7.3% to \$722,000 compared to \$779,000 in 1Q2013. This was mainly due to lower management income received from associated companies during 1Q2014 as compared to 1Q2013.

Other operating expenses increased to \$275,000 in 1Q2014 from \$835,000 in 1Q2013. This was largely attributed to sales and marketing cost of \$330,000 in 1Q2014 for Onze@Tanjong Pagar project.

Finance expenses increased to \$2.0 million in 1Q2014 from \$536,000 in 1Q2013. This was mainly due to the \$75 million bond interest expense of \$1.04 million and bank loan interest expense of \$470,000 on a development property in which TOP was received in October 2013.

Finance income increased 17.6% to \$848,000. This is mainly due to increase in interest-bearing loans to associated companies.

Share of profits from associated companies increased by 171.2% to \$2.22 million. This was mainly attributed to progressive profit recognition of \$1.68 million from The Boutiq and \$310,000 from Sky Green, both residential projects under the Group's associated companies.

Income tax expense decreased by 79.6% to \$68,000, in line with decrease in profit from operations.

Taking into account the above factors, the Group recorded a 9.8% decline in net profit after tax to \$2.43 million for 1Q2014, compared to \$2.69 million recorded in 1Q2013.

#### Commentary on the Consolidated Balance Sheets

Investment properties amounting to \$189.65 million mainly comprised Tampines Mart, The Woodgrove and the Group's new hotel property, Enterprise Hotel in London, United Kingdom. The increase of \$50.75 million was mainly due to the acquisition of Woodley Hotels (Kensington) Limited ("Woodley") during 1Q2014. Woodley is the owner of Enterprise Hotel.

The increase in associated companies and joint venture companies from \$186.28 million to \$214.13 million was mainly due to increase in loan to associated companies as well as equity accounting of the Group's share of profits of \$2.22 million from associated companies during 1Q2014.

The increase in other investments from \$3.05 million to \$8.77 million was mainly due the Group's additional investment in China through an investee company.

Development properties amounting to \$225.43 million comprise residential property projects in various stages of development.

Other receivables decreased from \$6.04 million to \$3.52 million was mainly attributed to: (i) deposit of \$4.29 million paid for the acquisition of Woodley which was completed in 1Q2014, and (ii) deposit of \$2.16 million placed for the proposed purchase of a property in London.

Fixed deposits decreased substantially from \$47.12 million to \$6.0 million in 1Q2014 as the funds were utilised for the acquisition of Woodley.

Amount due to associated companies increased to \$20.15 million as a result of additional loans from the Group's associated companies to fund development projects, other associated companies and working capital.

Trade payables decreased from \$6.71 million to \$4.71 million was mainly due to lower amounts due to contractors in relation to the Group's development properties.

Total bank term loans and short-term bank loans increased by \$7.98 million to \$232.54 million as at 31 March 2014 as a result of additional loans drawdown to fund development projects, associated companies and working capital.

Non-controlling interests amounting to \$5.12 million comprise minority shareholders' investment in the Group's newly acquired subsidiary, Woodley.

#### Commentary on the Cash Flow Statements

Cash and cash equivalents decreased by \$48.95 million during 1Q2014. The following were the major movements during the period:

- increase in development properties of \$1.35 million as a result of progress made in the construction of Onze@Tanjong Pagar and Earlington in London;
- net cash outflow of \$46.37 million for the acquisition of Woodley;
- loans of \$5.72 million and \$5.26 million to investee company and associated companies respectively; and
- net proceeds of bank loans of \$7.98 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 first quarter ended 31 March 2014 of the Group are in line with the statement made in paragraph 10 of the results announcement for the full year ended 31 December 2013.

**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 local property market continues to be impacted by the several rounds of cooling measures implemented by the Singapore government. The Total Debt Servicing Ratio framework, introduced by MAS in June 2013 further affects buyers' sentiments as there are now restrictions on the quantum of loans buyers can borrow.

According to URA's latest statistics published in April 2014, prices of private residential properties decreased by 1.3% in 1st Quarter 2014, following the 0.9% decline in the previous quarter. This price decline was observed across all segments of the private residential property market.

In addition, property transaction volume also decreased as developers sold 1,744 private residential units in 1st Quarter 2014, fewer than the 2,568 units sold in 4th Quarter 2013.

Amid the challenging environment, the Group will continue to monitor the market closely for the most appropriate time to launch its development projects and also continue to explore opportunities in Singapore.

Furthermore, the Group will continue to explore hospitality assets to boost its hospitality segment as well as further enhance existing hospitality assets through refurbishment and additions of more rooms keys. Additionally, the Group will increase its efforts to seek overseas 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 quarter ended 31 March 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Toh Giap Eng  
CEO & Managing Director  
8 May 2014

Low Yee Khim  
COO & Executive Director