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

HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

	Group					
				9 Months Ended 30 September		
	3Q2018	3Q2017	Increase / (Decrease)	2018	2017	Increase / (Decrease)
		(Restated)			(Restated)	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	12,834	13,038	(1.6)	37,212	47,477	(21.6)
Cost of properties sold	(4,651)	(8,819)	(47.3)	(14,602)	(27,978)	(47.8)
Other operating income	592	2,427	(75.6)	6,587	3,874	70.0
Personnel expenses	(2,567)	(3,409)	(24.7)	(7,843)	(7,779)	0.8
Depreciation of fixed assets	(520)	(127)	309.4	(1,299)	(344)	277.6
Other operating expenses	(3,863)	(3,961)	(2.5)	(12,223)	(10,936)	11.8
Gain on disposal of a joint venture company	-	27,980	(100.0)	-	27,980	(100.0)
Finance expenses	(4,289)	(2,945)	45.6	(13,042)	(8,928)	46.1
Finance income	1,645	1,115	47.5	6,280	2,677	134.6
Share of results of associated companies/joint venture companies	1,404	1,083	29.6	8,208	7,976	2.9
Gain from fair value adjustments of investment properties	-	-	n.m.	5,000	7,800	(35.9)
Profit before tax	585	26,382	(97.8)	14,278	41,819	(65.9)
Income tax (expense)/credit	(477)	249	n.m.	(1,533)	(1,432)	7.1
Profit for the period, net of tax	108	26,631	(99.6)	12,745	40,387	(68.4)
Other comprehensive (expense)/income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(508)	1,147	n.m.	(1,245)	1,857	n.m.
Other comprehensive (expense) / income for the period, net of tax	(508)	1,147	n.m.	(1,245)	1,857	n.m.
Total comprehensive (expense) / income for the period	(400)	27,778	n.m.	11,500	42,244	(72.8)
Profit / (Loss) attributable to:						
Owners of the Company	265	26,488	(99.0)	13,292	40,299	(67.0)
Non-controlling interests	(157)	143	n.m.	(547)	88	n.m.
	108	26,631	(99.6)	12,745	40,387	(68.4)
Total comprehensive (expense) / income attributable to:						
Owners of the Company	(161)	27,616	n.m.	12,285	42,081	(70.8)
Non-controlling interests	(239)	162	n.m.	(785)	163	n.m.
	(400)	27,778	n.m.	11,500	42,244	(72.8)

n.m. : not meaningful

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

UNAUDITED BALANCE SHEETS

	Group			Company	
	30/9/2018	**31/12/2017 (restated)**	**1/1/2017 (restated)**	**30/9/2018**	**31/12/2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Non-current assets					
Fixed assets	194,668	137,291	120,338	440	574
Investment properties	164,891	160,095	170,050	-	-
Subsidiaries	-	-	-	24,583	24,583
Associated companies	29,920	70,323	73,233	-	-
Joint venture companies	110,100	99,737	80,220	5,000	5,000
Amounts due from associated companies and joint venture companies (non trade)	156,200	166,108	125,572	-	-
Intangible assets	109	109	109	-	-
Other receivables	19,082	22,000	4,000	4,000	4,000
	674,970	655,663	573,522	34,023	34,157
Current assets					
Development properties	40,908	54,839	106,790	24,652	39,254
Investment property held for sale	-	51,700	-	-	-
Trade receivables	1,603	7,780	794	709	6,737
Other receivables	55,192	25,929	20,799	19,577	17,524
Prepayments	2,170	1,294	1,488	1,727	850
Amounts due from subsidiaries (non-trade)	-	-	-	294,435	227,550
Amounts due from related parties (trade)	12	12	14	-	-
Amounts due from associated companies and joint venture companies (non-trade)	953	401	333	47	33
Amounts due from associated companies and joint venture companies (trade)	-	162	339	-	-
Fixed deposits	32,015	3,735	654	31,858	3,583
Cash and bank balances	40,475	22,889	27,114	22,107	4,890
	173,328	168,741	158,325	395,112	300,421
Current liabilities					
Trade payables	2,837	3,820	6,769	1,889	2,490
Other payables and accruals	11,197	17,498	6,896	4,137	3,933
Derivative financial instrument	-	74	149	-	-
Amounts due to subsidiaries (non-trade)	-	-	-	109,684	88,399
Finance lease obligations	76	76	76	50	50
Bonds	-	-	58,750	-	-
Short-term bank loans	-	11,500	14,000	-	11,500
Bank term loans	106,467	82,421	120,713	-	-
Income tax payable	2,101	3,887	1,955	88	1,873
	122,678	119,276	209,308	115,848	108,245
Net current assets/(liabilities)	50,650	49,465	(50,983)	279,264	192,176
Non-current liabilities					
Other payables and accruals	996	960	1,043	-	-
Finance lease obligations	144	192	264	109	142
Amounts due to associated companies and joint venture companies (non-trade)	27,305	54,476	43,660	16,573	16,283
Amounts due to non-controlling interests (non-trade)	50,192	34,091	27,156	-	-
Bonds	193,000	75,000	-	193,000	75,000
Bank term loans	26,831	122,655	103,846	-	24,000
Deferred tax liabilities	966	867	3,125	22	32
	(299,434)	(288,241)	(179,094)	(209,704)	(115,457)
Net assets	426,186	416,887	343,445	103,583	110,876
Share capital and reserves					
Share capital	86,624	86,624	86,624	86,624	86,624
Foreign currency translation reserve	(81)	927	-	-	-
Retained earnings	336,977	326,937	255,044	16,959	24,252
	423,520	414,488	341,668	103,583	110,876
Non-controlling interests	2,666	2,399	1,777	-	-
Total equity	426,186	416,887	343,445	103,583	110,876

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

Amount repayable in one year or less, or on demand

As at 30/9/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
106,543	-	89,997	4,000

Amount repayable after one year

As at 30/9/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
26,975	193,000	122,847	75,000

Details of any collateral

All secured borrowings of the Group are secured by first legal mortgages and assignment of rental and sales proceeds of the investment properties and development properties of the borrowing companies. Lease obligations are secured on the assets purchased under lease financing.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED THIRD QUARTER AND NINE MONTHS CASH FLOW STATEMENTS

	Group			
			9 Months Ended 30 September	
	3Q2018	3Q2017 (Restated)	2018	2017 (Restated)
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Profit before tax	585	26,382	14,278	41,819
Adjustments for:				
Depreciation of fixed assets	520	127	1,299	344
Gain on disposal of investment property	-	-	(4,150)	-
Fair value gain of derivative financial instrument	-	(16)	(74)	(60)
Share of results of associated companies/joint venture companies	(1,404)	(1,083)	(8,208)	(7,976)
Gain from fair value adjustments of investment properties	-	-	(5,000)	(7,800)
Gain on disposal of a joint venture company	-	(27,980)	-	(27,980)
Interest expense	4,289	2,945	13,042	8,928
Interest income	(1,645)	(1,115)	(6,280)	(2,677)
Unrealised exchange differences	(285)	(105)	259	(292)
Operating cash flows before changes in working capital	2,060	(845)	5,166	4,306
Decrease in development properties	4,682	8,443	13,792	47,630
Decrease/(increase) in trade receivables	1,515	7,623	6,173	(10,299)
Decrease/(increase) in other receivables	3,135	(2,296)	(7,744)	(1,778)
Decrease/(increase) in prepayments	120	190	(880)	442
Decrease in trade payables	(917)	(1,040)	(976)	(2,364)
(Decrease)/increase in other payables and accruals	(3,674)	2,857	(1,747)	3,833
Increase in amounts due from related parties, net	-	-	-	2
Cash flows from operations	6,921	14,932	13,784	41,772
Interest received	1,645	1,115	6,280	2,677
Interest paid, excluding amounts capitalised	(4,289)	(2,945)	(13,042)	(8,928)
Income taxes paid	(1,610)	(687)	(3,213)	(1,475)
Net cash flows from operating activities	2,667	12,415	3,809	34,046

UNAUDITED THIRD QUARTER AND NINE MONTHS CASH FLOW STATEMENTS (CONT'D)

	Group			
	3Q2018	3Q2017 (Restated)	2018	2017 (Restated)
	$'000	$'000	$'000	$'000
Cash flows from investing activities				
Additions to fixed assets	(54,124)	(8,476)	(59,696)	(14,037)
Deposit on purchase of fixed assets	(17,525)	-	(17,525)	-
Proceeds from disposal of investment property held for sale	-	-	50,265	-
Additions to investment properties	-	-	-	(3,556)
Repayment from/(Loan to) investee company	-	367	-	(2,778)
(Net loan to)/Net repayment of loan from associated companies and joint venture companies	(88)	(43,503)	20,906	(34,210)
Proceeds from disposal of a joint venture company	-	15,000	-	15,000
Net cash flows used in investing activities	(71,737)	(36,612)	(6,050)	(39,581)
Cash flows from financing activities				
Repayment of finance lease obligations, net	(12)	(19)	(48)	(55)
Proceeds from/(Repayment of) bank loans	15,362	(11,558)	(82,770)	(12,253)
Proceeds from bond issue	-	-	118,000	75,000
Repayment of bonds	-	-	-	(58,750)
Loans from non-controlling interests	15,605	4,094	16,266	6,289
Dividends paid on ordinary shares of the Company	-	-	(3,252)	(1,952)
Net cash flows from/(used in) financing activities	30,955	(7,483)	48,196	8,279
Net (decrease)/increase in cash and cash equivalents	(38,115)	(31,680)	45,955	2,744
Effect of exchange rate changes on cash and cash equivalents	(19)	219	(89)	372
Cash and cash equivalents at beginning of period	110,624	62,345	26,624	27,768
Cash and cash equivalents at end of period	72,490	30,884	72,490	30,884

Note: Cash and cash equivalents

	Group			
			9 Months Ended 30 September	
	3Q2018	3Q2017	2018	2017
	$'000	$'000	$'000	$'000
Fixed deposits	32,015	4,101	32,015	4,101
Cash and bank balances	40,475	27,270	40,475	27,270
Bank overdrafts	-	(487)	-	(487)
Cash and cash equivalents	72,490	30,884	72,490	30,884

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						
	Share Capital S$'000	Foreign Currency Translation Reserve S$'000	Asset Revaluation Reserve S$'000	Retained Earnings S$'000	Total S$'000	Non-controlling Interests S$'000	Total Equity S$'000
Balance at 1 January 2017	86,624	(9,344)	2,768	263,765	343,813	1,777	345,590
Effects of adoption of SFRS(I) 1 and SFR(I) 15	-	9,344	(2,768)	(8,721)	(2,145)	-	(2,145)
Balance at 1 January 2017 (restated)	86,624	-	-	255,044	341,668	1,777	343,445
Profit for the period	-	-	-	40,299	40,299	88	40,387
Other comprehensive income							
- Foreign currency translation	-	1,782	-	-	1,782	75	1,857
Total comprehensive income for the period	-	1,782	-	40,299	42,081	163	42,244
Dividends	-	-	-	(1,952)	(1,952)	-	(1,952)
Balance at 30 September 2017 (restated)	86,624	1,782	-	293,391	381,797	1,940	383,737
Balance at 1 January 2018	86,624	(8,417)	2,768	332,806	413,781	2,399	416,180
Effects of adoption of SFRS(I) 1 and SFR(I) 15	-	9,344	(2,768)	(5,869)	707	-	707
Balance at 1 January 2018 (restated)	86,624	927	-	326,937	414,488	2,399	416,887
Profit for the period	-	-	-	13,292	13,292	(547)	12,745
Other comprehensive income							
- Foreign currency translation	-	(1,008)	-	-	(1,008)	(237)	(1,245)
Total comprehensive (expense) / income for the period	-	(1,008)	-	13,292	12,284	(784)	11,500
Dividends	-	-	-	(3,252)	(3,252)	-	(3,252)
Acquisition of subsidiaries	-	-	-	-	-	1,051	1,051
Balance at 30 September 2018	86,624	(81)	-	336,977	423,520	2,666	426,186

Company	Share Capital S$'000	Retained Earnings S$'000	Total Equity S$'000
Balance at 1 January 2017	86,624	28,371	114,995
Total comprehensive income for the period	-	(2,684)	(2,684)
Dividends	-	(1,952)	(1,952)
Balance at 30 September 2017	86,624	23,735	110,359
Balance at 1 January 2018	86,624	24,252	110,876
Total comprehensive expense for the period	-	(4,041)	(4,041)
Dividends	-	(3,252)	(3,252)
Balance at 30 September 2018	86,624	16,959	103,583

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on

State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There is no change in the Company's share capital for the period from 1 January 2018 to 30 September 2018.

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

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

The Company did not hold any treasury shares as at 30 September 2018 and 31 December 2017.

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

The Company did not issue any preference shares as at 30 September 2018 and 31 December 2017.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 30 September 2018.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5, the financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the following new accounting standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning on or after 1 January 2018.

Adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the financial period ended 31 March 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* . The Group also concurrently applied SFRS(I) 15 *Revenue from Contracts with Customers* .

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. On transition to the new financial reporting framework, the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group reclassified an amount of $9.34 million of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

The Group has also elected to measure its freehold and leasehold land and buildings using the cost model and use the previous revaluation of its freehold and leasehold land and buildings as deemed cost at the date of the revaluation. As a result, the Group reclassified $2.77 million of asset revaluation reserve to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above, the adoption of SFRS(I) did not result in other substantial change to the Group's accounting policies as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I). The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.

Adoption of SFRS(I) 15 Revenue from Contracts with Customers

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

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Development properties

Before 1 January 2018, the Group and its joint venture and associated companies recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of the residential and mixed use developments, performance obligations for the sale of development properties are satisfied over time where the Group and its joint venture and associated companies are restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

Before 1 January 2018, the Group and its joint venture and associated companies recognised finance costs incurred on the development cost of development properties on a percentage of completion method multiplied by the individual projects' percentage of sales. Under SFRS(I) 15, these costs will be recognised using the percentage of sales method, resulting in a distortion in the recognition of such costs.

Sales commissions paid to sales or marketing agents on the sale of real estate units

Before 1 January 2018, the Group and its joint venture and associated companies paid commissions to property agents on the sale of property and recognised such commissions as expense when incurred. Under SFRS(I) 15, such commissions are capitalised as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the related revenue are recognised.

Significant financing component for sale of development properties under deferred payment scheme

The consideration for sale of development properties under the deferred payment scheme is received over a period of more than 12 months from the delivery of the vacant possession of unit to the buyer. The timing of payments agreed to by the parties to such contracts provides the customer with a significant financing benefit. Under SFRS(I) 15, the transaction price for sale of development properties under the deferred payment scheme is adjusted for the effects of the time value of money.

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively.

The following reconciliations summarise the impact on adoption of SFRS(I) 1 and SFRS(I) 15 on the Group's financial statements.

UNAUDITED BALANCE SHEETS	**As at 31-12-2017**				**As at 01-01-2017**			
	As previously reported $'000	**Adoption of SFRS(I) 1 $'000**	**Adoption of SFRS(I) 15 $'000**	**As restated $'000**	**As previously reported $'000**	**Adoption of SFRS(I) 1 $'000**	**Adoption of SFRS(I) 15 $'000**	**As restated $'000**
Associated companies	69,926	-	397	70,323	73,458	-	(225)	73,233
Joint venture companies	99,427	-	310	99,737	82,140	-	(1,920)	80,220
Total non-current assets	654,956	-	707	655,663	575,667	-	(2,145)	573,522
Total assets	823,697	-	707	824,404	733,992	-	(2,145)	731,847
Share capital	86,624	-	-	86,624	86,624	-	-	86,624
Retained earnings	332,806	(6,576)	707	326,937	263,765	(6,576)	(2,145)	255,044
Foreign currency translation reserve	(8,417)	9,344	-	927	(9,344)	9,344	-	-
Asset revaluation reserve	2,768	(2,768)	-	-	2,768	(2,768)	-	-
	413,781	-	707	414,488	343,813	-	(2,145)	341,668
Non-controlling interests	2,399	-	-	2,399	1,777	-	-	1,777
Net assets / total equity	416,180	-	707	416,887	345,590	-	(2,145)	343,445

6 **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

EARNINGS PER SHARE

	Group					
				9 Months Ended 30 September		
	3Q2018	3Q2017 (Restated)	Decrease	2018	2017 (Restated)	Decrease
	Cents	Cents	%	Cents	Cents	%
Earnings per ordinary share attributable to equity holders of the Company for the period						
(a) On a basic basis	0.08	8.15	(99.0)	4.09	12.39	(67.0)
(b) On a fully diluted basis	0.08	8.15	(99.0)	4.09	12.39	(67.0)

The above have been computed based on 325,156,492 ordinary shares for the 9 months ended 30 September 2018 and 9 months ended 30 September 2017.

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current period reported on; and
(b) immediately preceding financial year

	Group			Company	
	30/9/2018	31/12/2017	1/1/2017	30/9/2018	31/12/2017
	Cents	Cents (restated)	Cents (restated)	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	130.25	127.47	105.08	31.86	34.10

The above have been computed based on 325,156,492 ordinary shares in issue as at 30 September 2018 and 31 December 2017.

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Commentary on the Consolidated Income Statements

Turnover comprises rental income from investment properties, hotel operation income and management fee as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the 9 month period ended 30 September 2018 ("3Q2018") decreased by 21.6% to $37.21 million compared to $47.48 million for the previous corresponding period ended 30 September 2017 ("3Q2017"). The decrease is attributed to following significant items:
(i) decrease in sale revenue of $11.34m from residential project, Onze@Tanjong Pagar as this project was substantially sold in the previous year;
(ii) decrease in rental revenue of $0.87 million as one of the investment properties, The Woodgrove was sold in February 2018; and
(iii) increase in hotel operation income of $1.42 million which is mainly attributable to revenue contribution from the Luma Concept Hotel Hammersmith London which commenced operation from April 2017.

Cost of properties sold in 3Q2018 and 3Q2017 relates to residential project, Onze@Tanjong Pagar, and the decrease in 3Q2018 is in line with the lower revenue recognised.

Other operating income increased by $2.71 million to $6.59 million in 3Q2018 mainly due to the gain on disposal of investment property, The Woodgrove of $4.15 million taken up during 1Q2018. This is offset by a one-time gain of $1.82 million due to the forfeiture of sales proceeds for Onze@Tanjong Pagar that was recognised in 3Q2017.

Depreciation of fixed assets increased by $0.96 million to $1.30 million in 3Q2018 mainly due to higher depreciation charge for the new hotels, Luma Concept Hotel Hammersmith London and Smile Hotel Asakusa in Tokyo Japan.

Other operating expenses increased to $12.22 million in 3Q2018 from $10.94 million in 3Q2017 as a result of the following factors: (i) increase in operating expenses of $0.60 million following the launch of Luma Concept Hotel Hammersmith London; and (ii) marketing and commission expenses for the new sales of residential project, Onze@Tanjong Pagar of $0.30 million.

Gain on disposal of a joint venture company of $27.98 million in 3Q2017 came about from the disposal of Buildhome Pte. Ltd. which owned the residential project, The Lumos.

Finance expenses increased by $4.11 million to $13.04 million in 3Q2018 mainly due to higher interest expense during the 2018 financial year following the bonds issue of $118.00 million at the coupon rate of 6.08% per annum in January 2018.

Finance income increased by $3.60 million to $6.28 million in 3Q2018 due to increase in interest-bearing loans made to associated companies and joint venture companies as well as interest due on senior notes and promissory notes recorded under Other Receivables.

Share of profits from associated companies and joint venture companies increased by 2.9% to $8.21 million in 3Q2018 from $7.98 million in 3Q2017. This was mainly attributed to the increase in progressive profit recognition of fully sold residential projects, High Park Residences and Westwood Residences; offset by the share of losses on expenses incurred for new projects Park Colonial and Affinity@Serangoon.

The Group recorded a $5.00 million fair value gain in 2Q2018 from its investment property, Tampines Mart.

Taking into account all the above factors, the Group recorded a net profit after tax of $12.75 million for 3Q2018, compared to a net profit after tax of $40.39 million recorded in 3Q2017.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to $194.67 million comprised mainly hotel properties. The increase of $57.38 million in 3Q2018 was due to the acquisition of Smile Hotel Asakusa in Tokyo, Japan of $33.70 million and Stewart Aparthotel in Edinburgh, Scotland of $12.38 million; and investment costs for development of Hampton by Hilton in Leeds, UK of $9.29 million.

Investment in associated and joint venture companies decreased to $140.02 million in 3Q2018 from $170.06 million mainly due to dividends received from associated companies, offset by the share of the results of associated and joint venture companies during 3Q2018.

Amounts due from associated companies and joint venture companies decreased to $156.20 million in 3Q2018 from $166.11 million mainly due to repayment of loans from associated companies.

Development properties decreased from $54.84 million to $40.91 million in 3Q2018 due to recognition of sales and cost of sales of development project, Onze@Tanjong Pagar.

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

Trade receivables decreased to $1.60 million in 3Q2018 from $7.78 million mainly due to the receipt of sales proceeds from Onze@Tanjong Pagar.

Other receivables increased by $26.35 million in 3Q2018 mainly due to deposits for acquisition of fixed assets of $17.53 million, value-added taxes claimable on the purchase and development of hotel property of $4.15 million and accrued interest on senior notes and promissory notes of $1.35 million.

Prepayments increased to $2.17 million in 3Q2018 mainly due to prepaid expenses for the issuance of the fixed rate 3.5-year bond of $118.00 million in January 2018.

Fixed deposits, cash and bank balances totalled $72.49 million in 3Q2018 compared to $26.62 million in FY2017. The increase is due to cash management of the proceeds from the sale of The Woodgrove as well as the $118.00 million bond issued in January 2018.

Other payables and accruals decreased by $6.27 million from $18.46 million due to the utilisation of deposit received for the disposal of The Woodgrove of $5.98 million upon completion in February 2018.

In January 2018, the Group issued a fixed rate 3.5-year bonds of $118.00 million at coupon rate of 6.08% per annum as part of its Multicurrency Debt Issuance Programme. The bonds will mature in July 2021. The net proceeds will be used for general working capital and corporate funding, including financing investments and refinancing of existing indebtedness of the Group.

Amounts due to associated companies and joint venture companies decreased by $27.17 million in 3Q2018 from $54.48 million mainly due to payments made to associated companies and joint venture companies.

Amounts due to non-controlling interests represent loans from non-controlling interests for various overseas projects. The increase of $16.10 million to $50.19 million in 3Q2018 is mainly attributable to deposits or payments made for new property acquisitions.

Total bank term loans and short-term bank loans decreased from $216.58 million in FY2017 to $133.30 million in 3Q2018 mainly due to repayment of short-term bank loans and bank term loans from sales proceeds from the disposal of The Woodgrove and Onze@Tanjong Pagar, as well as new funds raised from the $118.00 million bond issued in January 2018.

Commentary on the Cash Flow Statements

The increase in cash and cash equivalents of $45.96 million in 3Q2018 can be attributed to the following major cash inflows and outflows during the period:

Cash inflows:

- net cash inflows from operating activities of $3.81 million;
- proceeds from bond issuance of $118.00 million;
- proceeds from disposal of investment property held for sale of $50.27 million;
- proceeds from non controlling interests mainly to fund various overseas projects of $16.27 million; and
- net repayment of loans from associated and joint venture companies of $20.91 million.

Cash outflows:

- deposit for purchase of fixed assets of $17.53 million;
- net cash outflow of $59.70 million for the additions to fixed assets comprising mainly of 2 new hotel acquisitions, Smile Hotel Asakusa in Tokyo, Japan and Stewart Aparthotel in Edinburgh, Scotland as well as construction costs incurred for the development of Hampton by Hilton in Leeds,
- dividends paid on ordinary shares of the Company of $3.25 million; and
- repayment of bank loans of $82.77 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 third quarter and nine months ended 30 September 2018 of the Group are in line with the statement made in paragraph 10 of the results announcement for the half year ended 30 June 2018.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months -**

Following the latest round of residential cooling measures in July 2018, the third quarter Real Estate Sentiment Index (Resi) registered a significant decline from 6.7 in 2Q2018 to 4.0 in 3Q2018 reflecting pessimism, particularly for the residential sector (a score under 5 represents pessimism). Similarly, in the latest official statistics released by Urban Redevelopment Authority ("URA") on 26th October 2018, private residential property prices edged up a mere 0.5% in 3Q2018 compared to 3.4% price rise in the 2Q2018. Additionally, more property launches are also expected and will continue to add pressure to the dampened sentiment in the short term.

Following the 2012 London Olympics, hotels in the UK have generally performed well. The trend has continued through 2018. The global consensus is that Thailand is still the number one Southeast Asian destination for the world. The shortage of hotel rooms in Japan means that rates and occupancies are constant and relatively high year-round, and evidence of a significant number of new hotels coming online in key Japanese cities is indicative of investor confidence in the growth potential of the sector.

The Group currently has 3 new on-going joint venture projects in Singapore, of which 2 of them had been launched in June and July 2018. Till date, sales of these new launches have been within expectation. The Group continues to remain cautiously optimistic on the long term prospects of the local property market and will monitor the market closely.

In a bid to build up the Group's recurring income, Heeton had acquired a diversified portfolio of investment properties and hospitality assets over the past few years. In the past few quarters, Heeton had further expanded this portfolio, acquiring 3 new hotels - Smile Hotel Asakusa in Tokyo, Japan, Stewart Aparthotel in Edinburgh, Scotland and Hotel Indigo in Glasgow, Scotland.

These latest acquisition bring the Group's hospitality portfolio to a total of 11 operating hotels in the United Kingdom, Japan and Thailand. Seven of these hotels are managed by Heeton's hospitality division. Going forward, Heeton will continue this strategy of growing its recurring income and will explore more investment and acquisition opportunities.

11 **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

No.

(d) Books closure date

No.

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

Not applicable.

13 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 **Negative assurance on interim financial results**

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the nine months ended 30 September 2018 to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Toh Giap Eng	Teng Heng Chew Eric
Executive Deputy Chairman	CEO & Executive Director
9 November 2018	