



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

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THREE MONTHS ENDED 31 MARCH 2017

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		Increase / (Decrease) %
	3 Months Ended 31 March		
	2017 S\$'000	2016 S\$'000	
Revenue	15,490	13,786	12.4
Cost of properties sold	(8,232)	(6,115)	34.6
Other operating income	706	640	10.3
Personnel expenses	(2,127)	(1,921)	10.7
Depreciation of fixed assets	(121)	(104)	16.3
Other operating expenses	(2,520)	(3,762)	(33.0)
Profit from operations	3,196	2,524	26.6
Finance expenses	(2,938)	(3,303)	(11.1)
Finance income	794	1,120	(29.1)
Share of results of associated companies/joint venture companies	2,112	6,256	(66.2)
Profit before tax from operations	3,164	6,597	(52.0)
Income tax expense	(644)	(762)	(15.5)
Profit for the period, net of tax	2,520	5,835	(56.8)
<b>Other comprehensive income:</b>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	(907)	(3,994)	(77.3)
Total comprehensive income for the period	1,613	1,841	(12.4)
Profit attributable to:			
Owners of the Company	2,561	5,802	(55.9)
Non-controlling interests	(41)	33	(224.2)
	2,520	5,835	(56.8)
Total comprehensive income attributable to:			
Owners of the Company	1,563	1,732	(9.8)
Non-controlling interests	50	109	(54.1)
	1,613	1,841	(12.4)

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**

	Group		Company	
	31/3/2017 \$'000	31/12/2016 \$'000	31/3/2017 \$'000	31/12/2016 \$'000
<b>Non-Current Assets</b>				
Fixed assets	122,151	120,338	542	577
Investment properties	169,574	170,050	-	-
Subsidiaries	-	-	24,583	24,583
Associated companies	69,337	73,240	-	-
Joint venture companies	85,788	82,140	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	125,971	125,572	-	-
Other investments	218	218	-	-
Intangible assets	109	109	-	-
Other receivables	4,000	4,000	4,000	4,000
	<b>577,148</b>	<b>575,667</b>	<b>34,125</b>	<b>34,160</b>
<b>Current assets</b>				
Development properties	83,206	106,790	66,977	90,907
Trade receivables	13,415	794	12,628	-
Other receivables	23,279	20,799	16,120	14,855
Prepayments	1,140	1,488	63	248
Amounts due from subsidiaries (non-trade)	-	-	179,271	178,572
Amounts due from related parties (trade)	9	14	-	-
Amounts due from joint venture company (non-trade)	77	333	33	33
Amounts due from joint venture company (trade)	680	339	-	-
Fixed deposits	4,590	654	2,358	505
Cash and bank balances	16,157	27,114	5,818	13,436
	<b>142,553</b>	<b>158,325</b>	<b>283,268</b>	<b>298,556</b>
<b>Current Liabilities</b>				
Trade payables	6,548	6,769	4,690	4,615
Other payables and accruals	7,278	6,896	2,986	3,037
Derivative financial instrument	130	149	-	-
Amounts due to subsidiaries (non-trade)	-	-	60,568	60,237
Finance lease obligations	76	76	50	50
Bonds	58,750	58,750	58,750	58,750
Short-term bank loans	9,000	14,000	9,000	14,000
Bank term loans	61,683	120,713	-	58,745
Income tax payable	2,293	1,955	333	278
	<b>145,758</b>	<b>209,308</b>	<b>136,377</b>	<b>199,712</b>
<b>Net current (liabilities)/assets</b>	<b>(3,205)</b>	<b>(50,983)</b>	<b>146,891</b>	<b>98,844</b>
<b>Non-current liabilities</b>				
Other payables and accruals	1,298	1,043	-	-
Amounts due to associated companies & joint venture companies (non-trade)	45,202	43,660	15,991	15,508
Finance lease obligations	246	264	179	192
Amounts due to non-controlling interests (non-trade)	27,796	27,156	-	-
Bank term loans	148,828	103,846	47,000	-
Deferred tax liabilities	3,370	3,125	2,572	2,309
	<b>(226,740)</b>	<b>(179,094)</b>	<b>(65,742)</b>	<b>(18,009)</b>
Net assets	<b>347,203</b>	<b>345,590</b>	<b>115,274</b>	<b>114,995</b>
<b>Share capital and reserves</b>				
Share capital	86,624	86,624	86,624	86,624
Other reserves	(7,574)	(6,576)	-	-
Retained earnings	266,326	263,765	28,650	28,371
	<b>345,376</b>	<b>343,813</b>	<b>115,274</b>	<b>114,995</b>
Non-controlling interests	1,827	1,777	-	-
Total equity	<b>347,203</b>	<b>345,590</b>	<b>115,274</b>	<b>114,995</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 31/03/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
61,759	67,750	120,789	72,750

**Amount repayable after one year**

As at 31/03/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
149,074	-	104,110	-

**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, development properties and fixed assets 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</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows generated from operating activities</b>		
Profit before tax	3,164	6,597
Adjustments for:		
Depreciation of fixed assets	121	104
Gain on disposal of fixed assets	-	(71)
(Gain) loss in fair value of derivative financial instrument	(19)	159
Share of results of associated companies/joint venture companies	(2,112)	(6,256)
Interest expense	2,938	3,303
Interest income	(794)	(1,120)
Unrealised exchange differences	82	(1,037)
Operating cash flows before changes in working capital	3,380	1,679
Decrease (increase) in development properties	23,245	(5,395)
Increase in trade receivables	(12,637)	(338)
(Increase) decrease in other receivables	(2,553)	1,277
Decrease in prepayments	336	1,858
(Decrease) increase in trade payables	(185)	2,153
Increase in other payables and accruals	674	3,267
Decrease in amounts due from related parties (trade)	5	-
<b>Cash flows from operations</b>	12,265	4,501
Interest received	794	1,120
Interest paid, excluding amounts capitalised	(2,938)	(3,303)
Income tax (paid) refunded	(31)	83
<b>Net cash from operating activities</b>	10,090	2,401

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS (CONT'D)

	<b>Group</b>	
	<b>3 Months Ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows used in investing activities</b>		
Purchase of fixed assets	(3,875)	(15,295)
Repayment of loan to investee company	(44)	(293)
Net repayment of loan from associated companies and joint venture companies	3,388	1,181
	<hr/>	<hr/>
Net cash used in investing activities	(531)	(14,407)
<b>Cash flows (used in) from financing activities</b>		
Repayment of lease obligations, net	(18)	-
Proceeds from bank loans	2,980	10,000
Repayment of bank loans	(20,375)	(2,100)
Loan proceeds from / (repayment of loan to) non-controlling interests	1,067	5,612
	<hr/>	<hr/>
Net cash (used in) generated from financing activities	(16,346)	13,512
<b>Net (decrease) increase in cash and cash equivalents</b>	(6,787)	1,506
Effect of exchange rate changes on cash and cash equivalents	(234)	(663)
<b>Cash and cash equivalents at beginning of period</b>	27,768	22,326
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	20,747	23,169

**Note: Cash and cash equivalents**

	<b>Group</b>	
	<b>3 Months Ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	4,590	3,606
Cash and bank balances	16,157	19,563
	<hr/>	<hr/>
Cash and cash equivalents	20,747	23,169

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 Interests S\$'000	Total Equity S\$'000
	Share Capital S\$'000	Translation Reserve S\$'000	Asset Revaluation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000			
Balance at 1 January 2016	86,624	(215)	-	253,236	339,645	1,172	340,817	
Total comprehensive income for the period	-	(4,070)	-	5,802	1,732	109	1,841	
Acquisition of new subsidiary	-	-	-	-	-	-	-	
Balance at 31 March 2016	86,624	(4,285)	-	259,038	341,377	1,281	342,658	
Balance at 1 January 2017	86,624	(9,344)	2,768	263,765	343,813	1,777	345,590	
Total comprehensive income for the period	-	(998)	-	2,561	1,563	50	1,613	
Balance at 31 March 2017	86,624	(10,342)	2,768	266,326	345,376	1,827	347,203	
<b>Company</b>	<b>Share Capital S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total Equity S\$'000</b>					
Balance at 1 January 2016	86,624	69,500	156,124					
Total comprehensive income for the period	-	1,690	1,690					
Balance at 31 March 2016	86,624	71,190	157,814					
Balance at 1 January 2017	86,624	28,371	114,995					
Total comprehensive income for the period	-	279	279					
Balance at 31 March 2017	86,624	28,650	115,274					

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 2017 to 31 March 2017.

There are no outstanding convertible securities as at 31 March 2017 and 31 December 2016.

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 2017 and 31 December 2016.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2017 and 31 December 2016 was 325,156,492.

The Company did not issue any preference shares as at 31 March 2017 and 31 December 2016.

**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 2017.

**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 compared with the audited financial statements for the year ended 31 December 2016 as well as applicable Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2017.

**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**

Not applicable.

**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**

	<b>Group</b>		
	<b>1Q2017</b> Cents	<b>1Q2016</b> Cents	<b>Decrease</b> %
Earnings per ordinary share attributable to equity holders of the Company for the period			
(a) On a basic basis	0.79	1.78	(55.6)
(b) On a fully diluted basis	0.79	1.78	(55.6)

The above have been computed based on 325,156,492 weighted average number of ordinary shares for the 3 months ended 31 March 2017 and 3 months ended 31 March 2016.

**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**

	<b>Group</b>		<b>Company</b>	
	<b>31/3/2017</b> Cents	<b>31/12/2016</b> Cents	<b>31/3/2017</b> Cents	<b>31/12/2016</b> Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	106.22	105.74	35.45	35.37

The above have been computed based on 325,156,492 ordinary shares in issue as at 31 March 2017 and 31 December 2016.

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

The Group's turnover for the period ended 31 March 2017 ("1Q2017") increased by 12.4% to \$15.49 million compared to \$13.79 million for the previous corresponding period ended 31 March 2016 ("1Q2016"). This was mainly due to the recognition of higher sales proceeds from residential projects, Onze@Tanjong Pagar of \$9.78 million compared to \$7.08 million in 1Q2016.

Cost of properties sold in 1Q2017 relates to residential project, Onze@Tanjong Pagar, while cost of properties sold in 1Q2016 relates to Onze@Tanjong Pagar and the Earlington.

Personnel expenses increased by 10.7% to \$2.13 million in 1Q2017 as a result of increase in headcounts following the expansion of UK operation.

Other operating expenses decreased to \$2.52 million in 1Q2017 from \$3.76 million in 1Q2016 due to the qualifying certificate extension fee of \$1.46 million incurred in 1Q2016 for residential project iLiv@Grange. This project was disposed off in third quarter 2016 ("3Q2016").

Finance expenses decreased to \$2.94 million in 1Q2017 from \$3.30 million in 1Q2016. This is mainly due to lower loan interest expense for development property as a result of the disposal of iLiv@Grange in 3Q2016.

Finance income decreased 29.1% to \$794,000 mainly due to decrease in interest-bearing loans to associated companies.

Share of profits from associated companies/joint venture companies decreased by 66.2% to \$2.11 million in 1Q2017 from \$6.26 million in 1Q2016. This was mainly attributed to decrease in progressive profit recognition of residential projects, NEWest and KAP and KAP Residences after their completion in 4Q2016.

Income tax expense decreased from \$762,000 to \$644,000 in 1Q2017, in line with the decrease in profit before tax.

Taking into account the above factors, the Group recorded a 56.8% decrease in net profit after tax to \$2.52 million for 1Q2017, compared to \$5.84 million recorded in 1Q2016.

#### Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$122.15 million mainly comprised the following hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, UK; (iii) ibis Budget Bradford in Bradford City, UK; (iv) ibis Hotel Gloucester in Gloucester City, UK; and (v) hotel site at Glenthorne Road, London, UK.

Development properties decreased from \$106.79 million to \$83.21 million in 1Q2017 as a result of progress payments received for Onze@Tanjong Pagar.

Trade receivables increased by \$12.62 million from \$794,000 mainly due to accrued receivables for sales proceeds from Onze@Tanjong Pagar as it obtained TOP in mid-January 2017.

Other receivables increased from \$20.80 million to \$23.28 million in 1Q2017 mainly due to deposit paid on potential acquisition of hotel site in Manchester, UK.

Total bank term loans and short-term bank loans decreased from \$238.56 million to \$219.51 million in 1Q2017 mainly as a result of repayment of loans from Onze@Tanjong Pagar's sales proceeds.

#### Commentary on the Cash Flow Statements

Cash and cash equivalents decreased by \$7.02 million in 1Q2017 because the following major cash outflows exceed cash inflows during the period:

##### *Cash inflows:*

- net cash generated from operating activities of \$10.09 million; and
- net repayment of loan from associated companies and joint venture companies of \$3.39 million.

##### *Cash outflows:*

- net cash outflow of \$3.88 million for purchase of fixed assets comprise mainly construction costs incurred for the development of Luma Concept Hotel London Hammersmith at Glenthorne Road, London, UK; and
- net repayment of bank loans of \$17.40 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 2017 of the Group are in line with the statement made in paragraph 10 of the results announcement for the full year ended 31 December 2016.

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 Group is cautiously optimistic of the short term outlook for the Singapore residential property market as prices of the private residential appear to stabilize. In the latest URA statistics released on 28 April 2017, private residential property prices decreased 0.4% in 1st Quarter 2017, compared with the 0.5% decline in the previous quarter. Globally, the uncertainty in the business environment has resulted in lesser opportunities. However, the Group will look for the right timing and opportunity to market and relaunch its projects and will continue to seek suitable property development projects locally and overseas.

The Group's investment properties have continued to contribute significant recurring income to the Group's results with the hospitality segment performance remaining stable for the period under review. Going forward, Heeton will continue to explore more opportunities to increase its recurring income base.

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 2017 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  
Executive Deputy Chairman  
13 May 2017

Teng Heng Chew  
CEO & Executive Director