

OLIVE TREE ESTATES LIMITED



(Incorporated in Singapore on 30 July 2007)
(Registration Number: 200713878D)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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

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

	Note	1st quarter ended		Increase / (Decrease) %
		31-03-18 S\$'000 Unaudited	31-03-17 S\$'000 Unaudited	
Revenue		268	4,286	(93.7)
Cost of sales		-	(3,218)	N.M.
Gross profit		268	1,068	(74.9)
Selling and distribution expenses		-	(118)	N.M.
Administrative expenses		(533)	(50)	966.0
Finance expenses		(165)	-	N.M.
Other income		134	-	N.M.
(Loss)/profit before income tax		(296)	900	(132.9)
Income tax expense		-	(120)	N.M.
Total comprehensive (loss)/income representing net (loss)/profit attributable to equity holders of the Company		(296)	780	(137.9)
(Loss)/earnings per share attributable to equity holders of the Company				
- Basic and diluted (Cents)		(0.43)	0.23	

N.M. – Not Meaningful

(a)(ii) Notes to Consolidated Statement of Comprehensive Income

The Group's (loss) / profit before tax is determined after crediting / (charging) the following:

	1 st quarter ended		% Increase/ (Decrease)
	31-03-17	31-03-17	
	S\$'000	S\$'000	
	Unaudited	Unaudited	
Depreciation	151	-	N.M.
Interest expense	115	-	N.M.

(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.

	Group		Company	
	31-03-18	31-12-17	31-03-18	31-12-17
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Current Assets				
Cash and bank balances	8,678	25,720	7,029	10,589
Trade and other receivables	387	370	434	4,514
Development properties	5,373	5,328	-	-
	<u>14,438</u>	<u>31,418</u>	<u>7,463</u>	<u>15,103</u>
Non-current Assets				
Investment in subsidiaries	-	-	20,219	20,219
Investment properties	12,015	12,166	-	-
Property, plant and equipment	5	-	5	-
	<u>12,020</u>	<u>12,166</u>	<u>20,224</u>	<u>20,219</u>
Total Assets	<u>26,458</u>	<u>43,584</u>	<u>27,687</u>	<u>35,322</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	1,152	17,945	20,199	27,708
Borrowings	600	600	-	-
Current income tax liabilities	472	509	-	-
	<u>2,224</u>	<u>19,054</u>	<u>20,199</u>	<u>27,708</u>
Non-current Liabilities				
Borrowings	13,970	13,970	-	-
	<u>13,970</u>	<u>13,970</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>16,194</u>	<u>33,024</u>	<u>20,199</u>	<u>27,708</u>
NET ASSETS	<u>10,264</u>	<u>10,560</u>	<u>7,488</u>	<u>7,614</u>
EQUITY				
Share capital	7,946	7,946	56,342	56,342
Treasury shares	-	-	(23)	(23)
Reverse acquisition reserve	(10,597)	(10,597)	-	-
Retained profits / (accumulated losses)	12,915	13,211	(48,831)	(48,705)
TOTAL EQUITY	<u>10,264</u>	<u>10,560</u>	<u>7,488</u>	<u>7,614</u>

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 March 2018		As at 31 December 2017	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
600	-	600	-

Amount repayable after one year

As at 31 March 2018		As at 31 December 2017	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
13,970	-	13,970	-

Details of any collateral

The loans and borrowings are secured by the following:

1. First legal mortgage over property at 1 Commonwealth Lane #01-07 / #01-08 / #01-09 / #01-10 / #01-11 / #01-12 / #01-13 / #01-14 / #01-15 / #01-17 / #01-18 / #01-19 / #01-20, Singapore 149544.
2. First Legal Mortgage over property at 421 Tagore Industrial Ave #01-02 / #01-09 / #01-10 / #01-12, Singapore 787805
3. First legal charge over rental proceeds account and operating account maintained with the bank.
4. First legal charge over debt service reserve account ("DSRA") and operating account maintained with the bank.
5. Legal assignment of all rights, titles and interests in the contract, insurance, bonds, and sales proceeds in respect of the property.
6. Legal assignment of rental proceeds and rental deposits derived from the Property tenancy and all rights, titles and interests in the contract, insurance, bonds and 3-year rental support with respect to the borrower's (WBH Investment Pte Ltd) owned units at 1 Commonwealth Lane (at S\$6 psf provided by the Company's controlling shareholder).
7. Corporate guarantee from Olive Tree Estates Limited for 100% of the facilities

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

	1st quarter ended	
	31-03-18	31-03-17
	S\$'000	S\$'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net (loss)/profit	(296)	780
Adjustments for:		
Depreciation	151	-
Interest expense	115	-
Income tax expense	-	120
	<u>(30)</u>	<u>900</u>
Changes in working capital		
Trade and other receivables	(17)	(209)
Development properties	(45)	3,218
Trade and other payables	<u>(16,793)</u>	<u>(332)</u>
Cash generated from operations	(16,885)	3,577
Income tax paid	(37)	-
Net cash (used)/provided by operating activities	(16,922)	3,577
Cash flows from investing activities		
Purchase of property, plant and equipment	(5)	-
Net cash used in investing activities	(5)	-
Cash flows from financing activities		
Interest paid	(115)	-
Net cash used in financing activities	(115)	-
Net (decrease)/ increase in cash and bank balances	(17,042)	3,577
Cash and bank balances at beginning of financial period	25,720	3,145
Cash and bank balances at end of financial period	8,678	6,722

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.

	Share capital	Reverse acquisition reserve	Retained profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Group 2018				
As at 1 January 2018	7,946	(10,597)	13,211	10,560
Total comprehensive loss for the period	-	-	(296)	(296)
As at 31 March 2018	<u>7,946</u>	<u>(10,597)</u>	<u>12,915</u>	<u>10,264</u>
Group 2017				
As at 1 January 2017	1,000	-	16,083	17,083
Total comprehensive income for the period	-	-	780	780
As at 31 March 2017	<u>1,000</u>	<u>-</u>	<u>16,863</u>	<u>17,863</u>

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company 2018				
As at 1 January 2018	56,342	(23)	(48,705)	7,614
Total comprehensive loss for the period	-	-	(126)	(126)
As at 31 March 2018	56,342	(23)	(48,831)	7,488

Company 2017

As at 1 January 2017	44,372	(23)	(48,879)	(4,530)
Total comprehensive loss for the period	-	-	(161)	(161)
As at 31 March 2017	44,372	(23)	(49,040)	(4,691)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Issued and paid-up share capital S\$
Total issued share capital excluding treasury shares as at 31 March 2018 and 31 December 2017	68,847,711	56,342,018

The Company has no 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 are 2,500 shares held as treasury shares by the Company 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 and no subsidiary holdings 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.

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

	As at 31 March 2018	As at 31 December 2017
Total number of issued shares excluding treasury shares	68,847,711	68,847,711

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

There are no sales, transfers, cancellation and/or use of treasury shares as at 31 March 2018.

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

Not applicable. The Company did not have subsidiary holdings during and as at 31 March 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 nor reviewed by the Company's independent auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as those applied for the most recently audited consolidated financial statements for the financial year ended 31 December 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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	1st quarter ended	
	31/03/2018	31/03/2017
	Unaudited	Unaudited
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(296)	780
Weighted average number of ordinary shares in issue	68,847,711	34,117,571
Basic (loss)/earnings per share ("EPS") (S\$)	(0.43)	0.23
Fully dilutive EPS basis (S\$)	(0.43)	0.23

Notes:

- (1) Due to the reverse takeover ("RTO") in FY2017, the comparative earnings per share has been restated and reflects the results of Chiu Teng 8 Pte. Ltd. (the accounting acquirer) during the 1st quarter ended 31 March 2017. The number of ordinary shares issued by the Company for the RTO is deemed to be the weighted average number of ordinary shares for the 1st quarter ended 31 March 2017.

- (2) Loss per share of the Group for the 1st quarter ended 31 March 2018 is calculated by dividing the Group's net loss attributable to shareholders of approximately S\$296,000 by the weighted average number of ordinary shares outstanding during the period of 68,847,711.

For the 1st quarter ended 31 March 2018 and 31 March 2017, the basic and diluted (loss)/earnings per share of the Group were the same as there were no potential dilutive ordinary shares outstanding as at 31 March 2018 and 31 March 2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

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

Net asset value ("NAV")

	Group		Company	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
NAV per ordinary share ⁽¹⁾ (Cents)	14.91	15.34	10.88	11.06

Note:

- (1) NAV per ordinary share as at 31 March 2018 and 31 December 2017 was calculated based on the number of ordinary shares excluding treasury shares as at the end of the financial year. As at 31 March 2018, the number of ordinary shares (excluding treasury shares) was 68,847,711 (As at 31/12/2017: 68,847,711). The shares were consolidated from 15 December 2017 onwards on the basis of 1 share for every 40 shares held.

- 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:-**
- 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
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of income statement of the Group for the first Quarter ended 31 Mar 2018 ("1Q2018") as compared to the first Quarter ended 31 Mar 2017 (1Q2017").

Revenue

The Group's revenue for 1Q2018 decreased by S\$4.02 million or 93.7% to S\$0.27 million from S\$4.29 million in 1Q2017 in the absence of sales of development properties in 1Q2018. The revenue for 1Q2018 amounting to S\$0.27 million arises from the rental income from our property investment holding segment.

Cost of sales, gross profit

There were no cost of sales for 1Q2018 as there were no sales in our property development segment. The Group's cost of sales for 1Q2017 of S\$3.22 million related to costs of 2 units of development properties sold in 1Q2017.

Other income

There was no other income in 1Q2017. Other income for 1Q2018 amounting S\$134,000 comprises:

- Rental support income from the Company's controlling shareholder pursuant to the rental support agreement for 3 years from the date of the reverse takeover in December 2017 amounting to S\$31,000.

- Discounts received from various professional parties amounting to S\$25,000.
- Reversal of development costs over-provided amounting to S\$45,000.
- Forfeiture of rental deposit amounting to S\$27,000 and miscellaneous income of S\$6,000.

Selling and distribution expenses

There were no selling and distribution expenses for 1Q2018 as there were no sales of development properties. The selling and distribution expenses amounting to S\$118,000 for 1Q2017 relates to sales commission of S\$71,000, sales office expenses of S\$42,000 and legal conveyancing fee of S\$5,000.

General and administrative expenses

Administrative expenses for 1Q2018 increased by S\$483,000, from S\$50,000 in 1Q2017 to S\$533,000 in 1Q2018. The increase was due to the consolidation of the accounts of Chiu Teng 8 Pte Ltd ("CT8"), Olive Tree Estates Limited ("OTEL") and WBH Investments Pte Ltd ("WBH"). These general and administrative expenses comprise of:

- Depreciation of investment properties of S\$151,000.
- Directors and staff remuneration of S\$189,000.
- Professional fees of S\$98,000.
- Property taxes and management fees of S\$33,000.
- Other general and administrative expenses of S\$12,000.

Finance expenses

There were no finance expenses in 1Q2017.

The finance expenses in 1Q2018 amounting to S\$166,000 relates to bank charges for the drawdown of bank facilities amounting to S\$50,000 and bank interest of S\$116,000.

Loss before income tax

In 1Q2018, the Group recorded a loss before income tax of S\$296,000, as compared to a profit before income tax of S\$900,000 in 1Q2017. The loss before income tax for 1Q2018 arises primarily from the lower revenue and the consolidation of expenses for the Group in 1Q2018.

Income tax expense

There were no income tax expense for 1Q2018 as the Company and its subsidiaries were in a loss position. Income tax expenses for 1Q2017 was S\$120,000.

Net loss

As a result of the above, the Group incurred a net loss after tax of S\$296,000 in 1Q2018 as compared to a net profit after tax of S\$780,000 in 1Q2017.

Review of financial position of the Group as at 31 March 2018

Current assets

As at 31 March 2018, our total current assets consisted mainly of cash and cash equivalent, trade and other receivables, and development properties.

Trade and other receivables increased by S\$17,000 from S\$370,000 as at 31 December 2017 to S\$387,000 as at 31 March 2018. This was due to the increase in trade receivables amounting to S\$13,000, and prepayments and deposits amounting to S\$9,000, offset by a decrease in GST input tax amounting to S\$5,000.

Development properties held for sale increased by S\$45,000 from S\$5.33 million as at 31 December 2017 to S\$5.37 million as at 31 March 2018 due to the correction of over-accruals of capitalised expenses.

Non-current assets

Non-current assets refer to investment properties and property, plant and equipment. Investment properties decreased from of S\$12.17 million as at 31 December 2017 to S\$12.02 as at 31 March 2018 due to depreciation charged for the period. Property, plant and equipment comprising computer and software was S\$5,000 as at 31 March 2018 arising from the purchases in 1Q2018.

Current liabilities

Our current liabilities comprised trade and other payables, borrowings, and income tax payable.

Trade and other payables decreased to S\$1.15 million as at 31 March 2018 from S\$17.95 million as at 31 December 2017. The decrease of S\$16.80 million was primarily due to payment to vendors of CT8 and WBH amounting to S\$15.18 million in relation to the reverse acquisition of CT8 and acquisition of WBH, other payables to professional parties of S\$936,000, amounts owing to directors and employees of S\$286,000 and GST output tax of S\$358,000.

Borrowings as at 31 March 2018 remained the same as at 31 December 2017 at S\$600,000.

Current income tax liabilities decreased by S\$37,000 from S\$509,000 as at 31 March 2017 to S\$472,000 as at 31 March 2018 due to payment of tax during the period.

Non-current liabilities

Non-current liabilities comprise bank borrowings amounting to S\$13.97 million as at 31 March 2018 and 31 December 2017.

Total shareholders' equity

Total shareholders' equity as at 31 March 2018 amounted to S\$10.26 million and comprised mainly share capital of S\$7.95 million, reverse acquisition reserve with a debit balance of S\$10.60 million and retained profit of S\$12.91 million.

Share capital as at 31 March 2018 and 31 December 2017 was S\$7.95 million.

Reverse acquisition reserve as at 31 March 2018 and 31 December 2017 was S\$10.60 million.

Retained profits reduced by S\$3.13 million from S\$13.21 million as at 31 December 2017 to S\$12.91 million as at 31 March 2018 due to net loss for the period.

Review of cash flow statement for 1Q2018

For 1Q2018, the Group's net cash outflow from operating activities amounted to S\$16.92 million arising mainly from the payment to the vendors of CT8 and WBH amounting to S\$15.18 million in relation to the reverse acquisition of CT8 and acquisition of WBH, other payables to professional parties of S\$936,000, amount owing to directors and employees of S\$286,000, GST output tax and income tax of S\$358,000, comprehensive loss of S\$296,000, trade and other receivables of S\$17,000, and reversal of over-accruals of development properties of S\$45,000, offset by non-cash depreciation expenses of S\$151,000.

For 1Q2018, the Group's cash outflow from investing activities amounting to S\$5,000 related to purchases of property, plant and equipment.

For 1Q2018, the Group's cash outflow from financing activities amounting to S\$115,000 was due to payment for bank loan interest.

For 1Q2018, the Group had a net cash outflow of S\$17.04 million.

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

Not applicable.

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 global macroeconomic environment continues to be moderately positive despite the spectre of higher interest rates and risks relating to aggressive US trade policy. Due to a favourable low interest rate environment and abundant liquidity, the global real estate market continues and is expected to make progress.

Population growth, rapid urbanisation and growing affluence in emerging markets are expected to drive demand for residential real estate. Despite the trend of government intervention in the form of property cooling measures and restrictions on speculation, there is still strong underlying demand for affordable and quality residential property from both end-user buyers and investors alike.

The Company will remain nimble and continues to assess opportunities originated by its stakeholders and network of business contacts to principally offer affordable housing solutions in emerging markets which maximize positive impact to local communities. To this end, the Company has been actively sourcing potential development projects in countries such as Vietnam, Indonesia, Cambodia and Thailand, amongst others, to add to its project development pipeline.

The Company is also seeking to expand its business by entering into joint ventures and/or strategic alliances with reputable and like-minded local partners and specialists whose competencies and unique skill sets are able to enhance the Company's integrated real estate and social impact solutions.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared 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

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 December 2018.

13. Interested person transactions

There were no interested person transactions of more than S\$100,000 entered for 1Q2018 and 1Q2017. The Group is not required to have a general mandate from shareholders for IPTs under Rule 920(1)(a)(ii).

14. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

We, Daniel Ee Hock Huat and Daniel Long Chee Tim, being two Directors of Olive Tree Estates Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the 1st quarter ended 31 March 2018 to be false or misleading in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

**BY ORDER OF THE BOARD
Olive Tree Estates Limited**

Daniel Cuthbert Ee Hock Huat
Non-Executive Independent Chairman

Daniel Long Chee Tim
Chief Executive Officer and Executive Director

10 May 2018

This announcement has been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are: -

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