

SECOND CHANCE PROPERTIES LTD

UNAUDITED THIRD QUARTER FINANCIAL RESULTS FOR THE PERIOD ENDED 31-05-2017

Note: All figures are in Singapore Dollars

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEARLY AND FULL YEAR RESULTS

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Group		
	<u>For the 9 months ended</u>			<u>For the 3 months ended</u>		
	<u>31-05-2017</u>	<u>31-05-2016</u>	<u>Change</u>	<u>31-05-2017</u>	<u>31-05-2016</u>	<u>Change</u>
	\$ '000	\$ '000	%	\$ '000	\$ '000	%
Revenue	24,463	26,850	(8.89)	9,412	10,199	(7.72)
Cost of sales	(11,744)	(12,139)	(3.25)	(4,444)	(4,657)	(4.57)
Gross profit	12,719	14,711	(13.54)	4,968	5,542	(10.36)
Other income	2,258	674	235.01	2,824	672	320.24
<u>Expenses</u>						
Distribution expenses	(588)	(563)	4.44	(257)	(197)	30.46
Property operating expenses	(863)	(1,103)	(21.76)	(273)	(381)	(28.35)
Gold operating expenses	(130)	(130)	-	(34)	(35)	(2.86)
Apparel operating expenses	(1,066)	(1,219)	(12.55)	(492)	(361)	36.29
Administrative expenses	(3,008)	(3,708)	(18.88)	(1,034)	(1,261)	(18.00)
Other operating expenses	(8)	-	nm	(2)	-	nm
	(5,663)	(6,723)	(15.77)	(2,092)	(2,235)	(6.40)
Profit from operations	9,314	8,662	7.53	5,700	3,979	43.25
Fair value gain/(loss) on investment properties	-	93	nm	-	(460)	nm
Fair value gain/(loss) on financial assets, at fair value through profit or loss	651	(780)	nm	183	50	266.00
Finance costs	(579)	(827)	(29.99)	(143)	(201)	(28.86)
Profit before income tax	9,386	7,148	31.31	5,740	3,368	70.43
Income tax expense	(744)	(380)	95.79	(336)	(232)	44.83
Net profit	8,642	6,768	27.69	5,404	3,136	72.32

Net profit	8,642	6,768	27.69	5,404	3,136	72.32
<u>Other Comprehensive Income</u>						
Items that may be reclassified subsequently to profit or loss: Available-for-sale financial assets						
-Fair value gains/(losses)	1,941	(753)	nm	1,436	2,703	(46.87)
-Reclassification	(2,153)	-	nm	(2,153)	-	nm
Currency translation differences arising from consolidation - (loss)/gains	(851)	(175)	386.29	529	97	445.36
Other comprehensive (loss)/income, net of tax	(1,063)	(928)	14.55	(188)	2,800	(106.71)
Total comprehensive income	7,579	5,840	29.78	5,216	5,936	(12.13)

	<u>For the 9 months ended</u>		<u>For the 3 months ended</u>	
	<u>31-05-2017</u>	<u>31-05-2016</u>	<u>31-05-2017</u>	<u>31-05-2016</u>
	\$ '000	\$ '000	\$ '000	\$ '000
Net profit is arrived at after crediting / (charging)				
Dividend income	3,001	3,306	1,427	1,396
Gain on disposal of available-for-sale financial assets	92	-	92	-
Reclassification from other comprehensive income on disposal of available-for-sale financial assets	2,153	-	2,153	-
Gain on disposal of financial assets, at fair value through profit or loss	214	21	200	18
Gain on disposal of investment property	-	550	-	550
Expenses include:				
Depreciation of property, plant and equipment	240	296	83	99
Total Directors' remuneration	1,028	1,120	416	415
Directors' CPF	22	19	5	5
Directors' fees	100	110	33	33
Foreign exchange loss/(gain) - net	498	10	(295)	(51)
Finance costs				
Interest expenses:-				
Bank overdrafts	-	1	-	-
Short-term loans	544	742	130	180
Long-term loans	35	84	13	21
	579	827	143	201

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

	Group		Company	
	<u>31-05-2017</u>	<u>31-08-2016</u>	<u>31-05-2017</u>	<u>31-08-2016</u>
	\$ '000	\$ '000	\$ '000	\$ '000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	5,550	5,512	232	742
Trade and other receivables	592	793	10,745	10,406
Inventories	17,998	16,418	1,424	990
Other current assets	604	529	282	196
Income tax recoverable	138	163	-	-
Financial assets, at fair value through profit or loss	31,523	34,642	-	-
Total current assets	56,405	58,057	12,683	12,334
Non-current assets				
Amounts due from subsidiary corporations	-	-	171,543	196,380
Investments in subsidiary corporations	-	-	17,231	17,231
Available-for-sale financial assets	50,021	53,955	48,402	47,713
Property, plant and equipment	23,519	24,567	63	67
Investment properties	183,600	183,653	13,500	13,500
Total non-current assets	257,140	262,175	250,739	274,891
Total assets	313,545	320,232	263,422	287,225
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	42,948	55,548	26,656	50,355
Trade payables	2,530	2,400	325	372
Other payables	2,900	1,901	2,387	1,659
Current income tax liabilities	681	705	120	266
Total current liabilities	49,059	60,554	29,488	52,652
Non-current liabilities				
Borrowings	2,965	3,232	2,965	3,232
Deferred income tax liabilities	792	192	9	9
Total non-current liabilities	3,757	3,424	2,974	3,241
Total liabilities	52,816	63,978	32,462	55,893
Net assets	260,729	256,254	230,960	231,332
<u>EQUITY</u>				
Capital and reserves attributable to equity holders of the Company				
Share capital	136,725	138,319	136,725	138,319
Reserves	124,004	117,935	94,235	93,013
Total equity	260,729	256,254	230,960	231,332

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

As at 31-05-2017		As at 31-08-2016	
<i>Secured</i>	<i>Unsecured</i>	<i>Secured</i>	<i>Unsecured</i>
\$42,947,987	\$1,538,682	\$55,547,868	\$428,101

Amount repayable after one year

As at 31-05-2017		As at 31-08-2016	
<i>Secured</i>	<i>Unsecured</i>	<i>Secured</i>	<i>Unsecured</i>
\$2,964,760	-	\$3,231,970	-

Details of Collateral

The Group's bank borrowings are secured by the mortgage of securities, the freehold and leasehold lands and buildings of the subsidiaries, investment properties of the Group and assignment of rental proceeds from these properties.

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

	Group <u>For the 9 months ended</u>		Group <u>For the 3 months ended</u>	
	<u>31-05-2017</u> \$ '000	<u>31-05-2016</u> \$ '000	<u>31-05-2017</u> \$ '000	<u>31-05-2016</u> \$ '000
Cash flows from operating activities				
Net profit	8,642	6,768	5,404	3,136
Adjustments for				
-Income tax expense	744	380	336	232
-Depreciation of property, plant and equipment	240	296	83	99
-Fair value (gain)/loss on investment properties	-	(93)	-	460
-Interest income from bank deposits	(107)	(59)	(61)	(18)
-Finance expense	579	827	143	201
-Gain on disposal of available-for-sale financial assets	(2,245)	-	(2,245)	-
-Gain on disposal of investment property	-	(550)	-	(550)
-Unrealised currency translation differences	270	22	(168)	(11)
	8,123	7,591	3,492	3,549
Changes in working capital				
Financial assets at fair value through profit or loss	3,119	3,539	2,150	951
-Inventories	(1,755)	(1,873)	(2,759)	(1,855)
-Trade and other receivables	167	1,990	1,182	195
-Trade and other payables	1,139	696	(3,236)	1,995
Net cash generated from operations	10,793	11,943	829	4,835
Income taxes paid	(164)	(771)	(72)	(326)
Interest received	107	59	61	18
Interest paid	(535)	(959)	(183)	(295)
Net cash provided by operating activities	10,201	10,272	635	4,232

	Group <u>For the 9 months ended</u>		Group <u>For the 3 months ended</u>	
	<u>31-05-2017</u> \$ '000	<u>31-05-2016</u> \$ '000	<u>31-05-2017</u> \$ '000	<u>31-05-2016</u> \$ '000
Cash flows from investing activities				
-Disposal of available-for-sale financial assets	6,940	284	6,844	135
-Disposal of investment properties	-	13,085	-	6,550
-Purchase of available-for-sale financial assets	(973)	(357)	(949)	(15)
-Additions to property, plant and equipment	(115)	(271)	(3)	(29)
Net cash provided by investing activities	5,852	12,741	5,892	6,641
Cash flows from financing activities				
-Cash used in Share Buyback	(1,594)	-	-	-
-Dividend paid	(1,511)	(5,863)	-	-
-Proceeds from short-term bank borrowings	94,478	77,317	36,515	13,193
-Repayment of bank borrowings	(107,368)	(98,376)	(42,344)	(23,974)
Net cash used in financing activities	(15,995)	(26,922)	(5,829)	(10,781)
Net increase/(decrease) in cash and cash equivalents	58	(3,909)	698	92
Cash and cash equivalents at beginning of financial period	5,492	7,084	4,852	3,083
Cash and cash equivalents at end of financial period	5,550	3,175	5,550	3,175
Cash and cash equivalents consist of:				
Cash at bank	5,550	3,175	5,550	3,175
	5,550	3,175	5,550	3,175

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

Group

	Share capital	Assets revaluation reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 May 2016	138,319	9,592	7,813	(5,563)	104,113	254,274
Total comprehensive (loss)/income for the period	-	(153)	1,794	135	204	1,980
Balance as at 31 August 2016	138,319	9,439	9,607	(5,428)	104,317	256,254
Total comprehensive (loss)/income for the period	-	-	(2,050)	(1,165)	1,261	(1,954)
Balance as at 30 November 2016	138,319	9,439	7,557	(6,593)	105,578	254,300
Share buyback	(1,594)	-	-	-	-	(1,594)
Dividends paid	-	-	-	-	(1,511)	(1,511)
Total comprehensive income/(loss) for the period	-	-	2,555	(214)	1,977	4,318
Balance as at 28 February 2017	136,725	9,439	10,112	(6,807)	106,044	255,513
Total comprehensive (loss)/income for the period	-	-	(717)	529	5,404	5,216
Balance as at 31 May 2017	136,725	9,439	9,395	(6,278)	111,448	260,729

	Share capital	Assets revaluation reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 May 2015	120,141	6,502	14,443	(1,385)	119,303	259,004
Total comprehensive income/(loss) for the period	-	3,090	(5,877)	(4,003)	2,083	(4,707)
Balance as at 31 August 2015	120,141	9,592	8,566	(5,388)	121,386	254,297
Total comprehensive (loss)/income for the period	-	-	(2,657)	(484)	2,528	(613)
Balance as at 30 November 2015	120,141	9,592	5,909	(5,872)	123,914	253,684
Cash dividends paid	-	-	-	-	(5,863)	(5,863)
Scrip dividend	18,178	-	-	-	(18,178)	-
Total comprehensive loss/(income) for the period	-	-	(799)	212	1,104	517
Balance as at 29 February 2016	138,319	9,592	5,110	(5,660)	100,977	248,338
Total comprehensive income for the period	-	-	2,703	97	3,136	5,936
Balance as at 31 May 2016	138,319	9,592	7,813	(5,563)	104,113	254,274

Company

	Share Capital	Fair Value Reserve	Retained Earnings	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 May 2016	138,319	6,732	82,275	227,326
Total comprehensive income for the period	-	1,994	2,012	4,006
Balance as at 31 August 2016	138,319	8,726	84,287	231,332
Total comprehensive (loss)/ income for the period	-	(2,026)	130	(1,896)
Balance as at 30 November 2016	138,319	6,700	84,417	229,436
Share buyback	(1,594)	-	-	(1,594)
Dividends paid	-	-	(1,511)	(1,511)
Total comprehensive income/(loss) for the period	-	1,276	510	1,786
Balance as at 28 February 2017	136,725	7,976	83,416	228,117
Total comprehensive income for the period	-	1,432	1,411	2,843
Balance as at 31 May 2017	136,725	9,408	84,827	230,960

	Share Capital	Fair Value Reserve	Retained Earnings	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 May 2015	120,141	12,906	105,845	238,892
Total comprehensive loss for the period	-	(5,326)	(834)	(6,160)
Balance as at 31 August 2015	120,141	7,580	105,011	232,732
Total comprehensive (loss)/ income for the period	-	(2,699)	103	(2,596)
Balance as at 30 November 2015	120,141	4,881	105,114	230,136
Cash dividends paid	-	-	(5,863)	(5,863)
Scrip dividend	18,178	-	(18,178)	-
Total comprehensive (loss)/income for the period	-	(1,030)	530	(500)
Balance as at 29 February 2016	138,319	3,851	81,603	223,773
Total comprehensive income for the period	-	2,881	672	3,553
Balance as at 31 May 2016	138,319	6,732	82,275	227,326

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 maybe 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 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

Cancelled shares due to Share Buyback reduced the share capital by \$1,593,707 during the nine month period ended 31 May 2017.

New warrants were issued by the company on 25 July 2012 and the number of shares that may be issued on their conversion is as follows:

	31-05-2017	31-05-2016
Warrants – New	577,024,950	577,024,950

The exercise period of the above warrants is from 25 July 2016 to 24 July 2017. However, no warrants were exercised during the current period.

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.

	<u>As at</u> <u>31-05-2017</u>	<u>As at</u> <u>31-08-2016</u>
Total number of issued shares	748,944,052	755,396,152
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	748,944,052	755,396,152

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.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed.

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 issuer's most recently audited annual financial statements have been applied

All accounting policies and methods of computation applied are the same as those in the most recently 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

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

	Group <u>For the 9 months ended</u>		Group <u>For the 3 months ended</u>	
	<u>31-05-2017</u>	<u>31-05-2016</u>	<u>31-05-2017</u>	<u>31-05-2016</u>
Earnings per share	1.15 cents	0.95 cents	0.72 cents	0.42 cents
Earnings per share on fully diluted basis	1.15 cents	0.95 cents	0.72 cents	0.42 cents

Earnings per share for the nine months ended 31 May 2017 and 31 May 2016 have been computed based on the weighted average number of shares in issue of 752,083,208 and 711,959,522 respectively. There was no dilution in earnings per share for the period ended 31 May 2017 and 31 May 2016 as the average market price of the Company's shares for the period was less than the exercise price of \$0.40.

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

	Group <u>31-05-2017</u>	Group <u>31-08-2016</u>	Company <u>31-05-2016</u>	Company <u>31-08-2016</u>
Net asset value per share	34.81 cents	33.92 cents	30.84 cents	30.62 cents

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must include a discussion of 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on

Notes:

1. Throughout the review in this section, FP 2017 refers to the financial period of nine months ended 31 May 2017. FP 2016 refers to the nine months period ended 31 May 2016.

2. Adjusted EBITDA is the operating earnings before interest expenses, tax, depreciation, divestment and revaluation gains/deficits on non-current assets and foreign exchange differences.

OVERVIEW

The Group net profit increased by \$1.87 million from \$6.77 million in FP 2016 to \$8.64 million in FP 2017.

Revenue decreased by \$2.39 million to \$24.46 million in FP 2017 from \$26.85 million in FP 2016.

Adjusted EBITDA increased by \$0.82 million from \$7.64 million in FP 2016 to \$8.46 million in FP 2017.

REVENUE

The Group revenue decreased by \$2.39 million to \$24.46 million in FP 2017 from \$26.85 million in FP 2016.

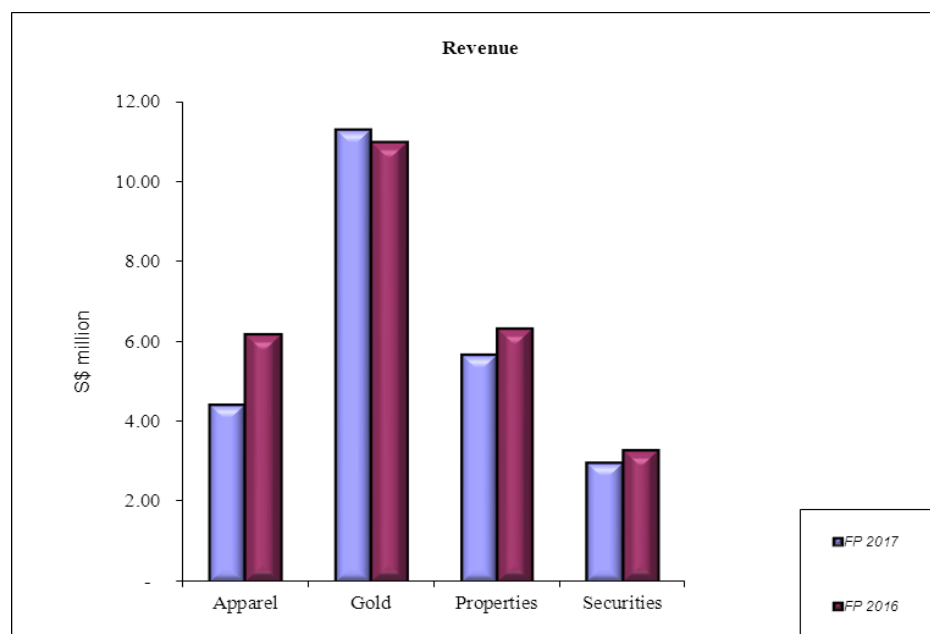
Below is the contribution of the various business segments to revenue:

Revenue	FP 2017	FP 2016	Variance	
	\$ million	\$ million	\$ million	%
Apparel	4.45	6.20	(1.75)	-28.23%
Gold	11.33	11.00	0.33	3.00%
Properties	5.68	6.34	(0.66)	-10.41%
Securities	3.00	3.31	(0.31)	-9.37%

The revenue from apparel business decreased by \$1.75 million from \$6.20 million in FP 2016 to \$4.45 million in FP 2017. Of the \$1.75 million decrease, Malaysian operations contributed \$1.55 million decrease. The closure of thirteen shops in Malaysia since the end of FP 2016, the weakening Malaysian Ringgit and intense competition there, all resulted in the decreased revenue. In Singapore, the revenue from this segment decreased by \$0.20 million on account of closure of one shop since the end of FP 2016.

The revenue from gold business increased by \$0.33 million from \$11 million in FP 2016 to \$11.33 million in FP 2017 due to better third quarter performance in 2017.

Rental income from properties decreased by \$0.66 million or 10.41% from \$6.34 million in FP 2016 to \$5.68 million in FP 2017. There was a loss of rental income on account of sale of two investment properties since the end of the prior period as well as lower rentals received on some lease renewals. The sale of a few fixed income securities since the end of FP 2016 resulted in decrease in revenue by \$0.31 million from \$3.31 million in FP 2016 to \$3 million in FP 2017 for the securities business.



Other income comprised mainly of profit on disposal of securities. In FP 2017, the company accepted cash offer on de-listing of one of the available-for sale equity securities resulting in a profit of \$2.24 million whereas in FP 2016 there was no disposal of available-for-sale securities. Further, disposal of held-for-trading securities resulted in profit of \$0.21 million in FP 2017 as compared to \$0.02 million in FP 2016. In FP 2017, however this increase in other income was partially off-set by the unrealised foreign exchange loss of \$0.50 million resulting from the depreciating Malaysian Ringgit as compared to an unrealised loss of only \$0.01 million in FP 2016.

PROFIT

The Group net profit increased by \$1.87 million from \$6.77 million in FP 2016 to \$8.64 million in FP 2017.

The contribution from various business segments are illustrated below (the contributions are before interest, tax and unallocated expenses).

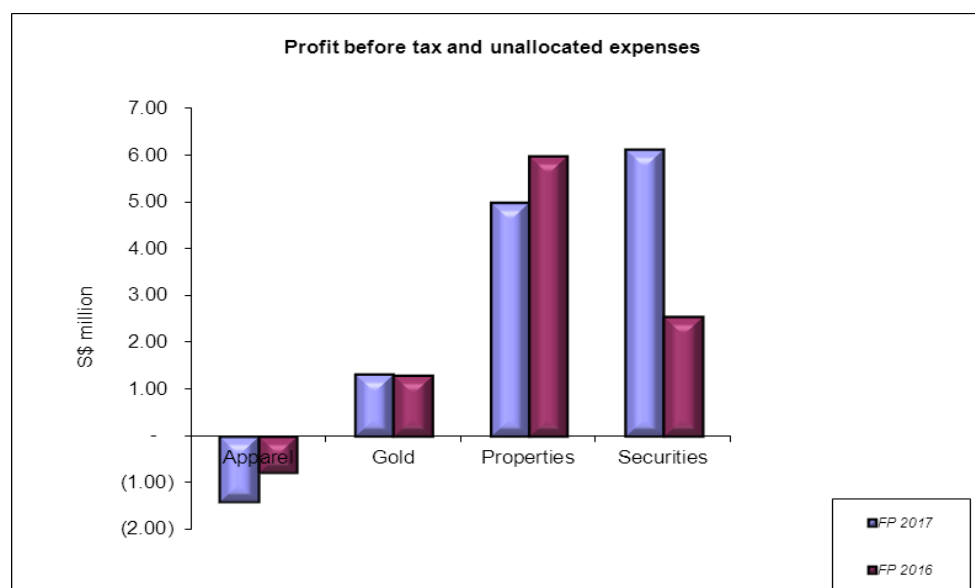
	FP 2017	FP 2016	Variance	
	\$ million	\$ million	\$ million	%
Apparel	(1.38)	(0.77)	(0.61)	79.22%
Gold	1.33	1.31	0.02	1.53%
Properties	4.97	5.97	(1.00)	-16.75%
Securities	6.10	2.55	3.55	139.22%

The loss from apparel business increased by \$0.61 million from \$0.77 million in FP 2016 to \$1.38 million in FP 2017. The drop in revenue on account of closure of thirteen shops in Malaysia, 1 shop in Singapore since the end of FP 2016 and the unrealised foreign exchange loss because of the depreciating Malaysian Ringgit contributed to the decrease in profit from this segment.

The profit from gold business increased marginally by \$0.02 million from \$1.31 million in FP 2016 to \$1.33 million in FP 2017.

Properties segment recorded \$4.97 million profit in FP 2017, a decrease of \$1 million in profit from the prior period. This was mainly because of the reduced rental income during the current period. Further the revaluation gain of \$0.09 million and realised profit of \$0.55 million on sale of property in FP 2016 resulted in higher profit in the prior period.

The contribution from securities segment was \$6.10 million in FP 2017 which was \$3.55 million higher than the profit of \$2.55 million in FP 2016. In FP 2017, this increase was mainly attributed to the profit of \$2.44 million realised on acceptance of cash offer on de-listing of one of the equity securities. Further, unrealised gain of \$0.65 million recorded on financial assets, at fair value through profit or loss i.e. the financial assets held for trading purpose in the current period as compared to an unrealised loss of \$0.78 million in FP 2016 contributed to the increase in profit from this segment. The increase in profit was partially off-set by the decreased revenue on sale of a few fixed income securities since the end of FP 2016.



The income tax expense increased by \$0.36 million from \$0.38 million in FP 2016 to \$0.74 million in FP 2017 due to increased taxable profits in the current year.

Interest expenses decreased by \$0.25 million from \$0.83 million in FP 2016 to \$0.58 million in FP 2017 due to partial repayment of loan during the current period.

Adjusted EBITDA

Adjusted EBITDA increased by \$0.82 million from \$7.64 million in FP 2016 to \$8.46 million in FP 2017.

The unrealised gain of \$0.65 million on financial assets, at fair value through profit or loss in FP 2017 as compared to unrealised loss of \$0.78 million in FP 2016 contributed to \$1.43 million increase in the adjusted EBITDA. However, decreased profit from the apparel and properties business resulted in partially offsetting the increase in adjusted EBITDA.

The details of Adjusted EBITDA calculation is as below:

<u>Adjusted EBITDA*</u>	<u>FP 2017</u>	<u>FP 2016</u>
	<u>\$ '000</u>	<u>\$ '000</u>
Net Profit	8,642	6,768
<u>Add/(Less):</u>		
Interest expenses	579	827
Taxes	744	380
Depreciation	240	296
Fair valuation gain of properties	-	(93)
Gain on fair valuation of available-for-sale securities	(2,245)	-
Gain on disposal of investment property	-	(550)
Exchange differences	498	10
	8,458	7,638

**Earnings before interest, tax, depreciation, revaluation gains/deficit, divestment profits/losses*

CASH FLOW

The net cash flow from operating activities was \$10.20 million in FP 2017 as compared to \$10.27 million in FP 2016.

Proceeds from divestment of financial assets, available-for-sale including capital distribution made by various REITs generated \$6.94 million and the Group had drawn down an amount of \$94.48 million from banks.

An amount of \$1.59 million was used to buy back shares as per the Share Buyback scheme. The Group purchased securities worth \$0.75 million and subscribed to rights issue totaling \$0.22 million and they were classified as available-for-sale. Improvements made to property, plant and equipment totaled \$0.12 million. An amount of \$107.37 million was utilised to repay bank borrowings. The above funds were also deployed to distribute dividends totaling \$1.51 million.

Cash and cash equivalents at the end of the period i.e. 31 May 2017 was \$5.55 million which was an increase of \$0.06 million from the \$5.49 million at the beginning of the period i.e. 31 August 2016.

FINANCIAL POSITION AS AT 31 MAY 2017

Investment properties of the Group totaled \$183.60 million. In addition, \$22.76 million worth of property owned by the Group was classified as Property, Plant and equipment because it was self-occupied.

As at 31 May 2017, available-for-sale financial assets comprised of equities valued at \$50.02 million and financial assets at fair value, through profit or loss comprised of fixed income securities and equities valued at \$14.04 million and \$17.48 million respectively. There was an appreciation of \$1.94 million in the market value of available-for-sale financial assets at end May 2017 as compared to end August 2016 and this gain was taken directly to equity. For financial assets at fair value, through profit or loss, there was an unrealised gain of \$0.65 million during FP 2017 which was taken to the income statement.

Inventories at end May 2017 totaled \$18 million of which \$12.10 million was gold stock.

WORKING CAPITAL

The Group had a positive working capital as at 31 May 2017 as compared to negative working capital as at 31 August 2016. This was mainly due to partial repayment of short term borrowings from funds realised on cash offer accepted on de-listing of one of the equity securities held by the company.

The net current assets were \$7.35 million as at 31 May 2017 as compared to net current liabilities of \$2.49 million as at 31 August 2016.

BANK BORROWINGS

The long term borrowings decreased by \$0.26 million from \$3.23 million as at 31 August 2016 to \$2.97 million as at 31 May 2017. Total borrowings of the Group were \$45.91 million at end May 2017 while the borrowings totaled \$58.78 million at end August 2016. The gearing ratio of the Group improved from 0.21 at end August 2016 to 0.15 at end May 2017 due to partial repayment of loans.

SHARE CAPITAL

Share capital was \$136.73 million as at end May 2017 as compared to \$138.32 million as at end August 2016. Cancelled shares due to share buyback totaled \$1.59 million. There were 748.94 million shares in float as at 31 May 2017. Total shareholders' equity amounted to \$260.73 million and NTA per share was 34.81 cents as at 31 May 2017.

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

The third quarter results are in line with disclosures made in the previous announcement of results of the Group.

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 Singapore economy is expected to perform better as the global growth outlook continues to brighten. However, the retail industry continues to be negatively affected by online and overseas shopping and higher operating cost.

Our apparel business in Malaysia continues to be affected by the weakening Ringgit and poor consumer spending.

The gold business is expected to continue to be profitable.

The weakening rental market and the sale of several shops will result in lower rental income.

Market forces will continue to determine the performance of the financial instruments sector.

11. If a decision regarding dividend has been made:-

(a) *Whether an interim (final) ordinary dividend has been declared (recommended)*

No

(b) (i) Amount per share cents – Not applicable

(ii) Previous corresponding period cents - Not applicable

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)*

Not applicable

(d) *The date the dividend is payable*

Not applicable

(e) *The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined*

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared or recommended for the current period ended 31 May 2017.

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

There were no interested person transactions for the quarter under review. The Company does not have a general mandate from its shareholders for the interested person transaction.

14. Negative confirmation pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors, which may render the financial statements for the nine months period ended 31 May 2017 to be false or misleading in any material aspect.

15. Confirmation of undertakings from directors and executive officers.

The Company has procured undertakings from all its Directors and Executive Officers under Rule 720(1) of the SGX Listing Manual.

On behalf of the Board of Directors

Mohamed Salleh
s/o Kadir Mohideen Saibu Maricar
CEO

Mohamed Hasan Marican
s/o Kadir Mohideen Saibu Maricar
Deputy CEO

29 June 2017