ASPIAL
Corporation Ltd

Company Registration No: 197001030G
(Incorporated in Singapore)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 30 June 2016 ("1H 2016")

	Group		
	1H 2016 S$'000	1H 2015 S$'000	Change %
Revenue	**273,928**	**200,479**	**37%**
Materials and subcontract costs	(208,568)	(130,028)	**60%**
Employee benefits	(20,560)	(21,576)	**-5%**
Depreciation and amortisation	(2,288)	(2,347)	**-3%**
Finance costs	(17,087)	(11,144)	**53%**
Other operating expenses	(38,841)	(45,025)	**-14%**
Operating loss	**(13,416)**	**(9,641)**	**39%**
Interest income	6,201	3,108	**100%**
Rental income	1,107	4,057	**-73%**
Other income	1,792	3,753	**-52%**
Share of results of associates and a joint venture	2,761	313	**n.m**
(Loss)/profit before tax	**(1,555)**	**1,590**	**n.m**
Taxation	(610)	(1,107)	**-45%**
(Loss)/profit for the period	**(2,165)**	**483**	**n.m**
Other comprehensive income			
Net fair value change of available-for-sale financial assets	(592)	(1,060)	**-44%**
Foreign exchange translation	(4,025)	(2,822)	**43%**
Share of other comprehensive income of a joint venture	(7,191)	(1,426)	**404%**
Other comprehensive income for the period, net of tax	**(11,808)**	**(5,308)**	**122%**
Total comprehensive income for the period	**(13,973)**	**(4,825)**	**190%**
(Loss)/profit attributable to:			
Owners of the Company	(3,335)	2,528	**n.m**
Non-controlling interests	1,170	(2,045)	**n.m**
	(2,165)	**483**	**n.m**
Total comprehensive income attributable to:			
Owners of the Company	(14,654)	(2,257)	**n.m**
Non-controlling interests	681	(2,568)	**n.m**
	(13,973)	**(4,825)**	**190%**
(Loss)/earnings per ordinary share (cents)			
-Basic	**(0.18)**	**0.14**	**n.m**
-Diluted	**(0.18)**	**0.14**	**n.m**

Other information :-

	Group		
	1H 2016 S$'000	1H 2015 S$'000	Change %
Amortisation of intangible assets and prepaid rent	283	385	-26%
Depreciation of property, plant and equipment	2,005	1,962	2%
Net foreign exchange (gain)/loss	(123)	6,413	n.m
Manufacturing and melting loss	387	488	-21%
Impairment loss on investment securities	1,500	-	n.m
Impairment loss on interest receivables	19	-	n.m
Property, plant and equipment written off	477	107	346%

n.m - means "not meaningful"

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

1(ii) Consolidated Statement of Comprehensive Income For The Financial Period from 1 April 2016 to 30 June 2016 ("2Q 2016")

	Group		Change
	2Q 2016 S$'000	2Q 2015 S$'000	%
Revenue	**148,358**	**100,399**	**48%**
Materials and subcontract costs	(115,174)	(64,723)	**78%**
Employee benefits	(10,615)	(11,336)	**-6%**
Depreciation and amortisation	(1,179)	(1,138)	**4%**
Finance costs	(9,921)	(6,593)	**50%**
Other operating expenses	(21,448)	(22,876)	**-6%**
Operating loss	**(9,979)**	**(6,267)**	**59%**
Interest income	4,145	1,576	**163%**
Rental income	591	1,858	**-68%**
Other income	(2,393)	3,353	n.m
Share of results of associates and a joint venture	1,028	595	**73%**
(Loss)/profit before tax	**(6,608)**	**1,115**	n.m
Taxation	385	(667)	n.m
(Loss)/profit for the period	**(6,223)**	**448**	n.m
Other comprehensive income			
Net fair value change of available-for-sale financial assets	(47)	(408)	**-88%**
Foreign exchange translation	(4,330)	(1,547)	**180%**
Share of other comprehensive income of a joint venture	(3,350)	(1,915)	**75%**
Other comprehensive income for the period, net of tax	**(7,727)**	**(3,870)**	**100%**
Total comprehensive income for the period	**(13,950)**	**(3,422)**	**308%**
(Loss)/profit attributable to:			
Owners of the Company	(6,339)	270	n.m
Non-controlling interests	116	178	**-35%**
	(6,223)	**448**	n.m
Total comprehensive income attributable to:			
Owners of the Company	(13,561)	(3,077)	n.m
Non-controlling interests	(389)	(345)	**13%**
	(13,950)	**(3,422)**	**308%**

NOTES:

1a. - Depreciation of fixed assets in retail outlets is computed on a straight-line basis over 3 to 5 years.

1b. - The Group recognises all inventory, including trade-in stock and sales return stock at their cost values. For finished stocks aged 2 years and above, partial provisions for stock obsolescence were made to take into consideration labour costs for designing and rework.

1c. - The increase in materials and subcontract costs in 1H 2016 and 2Q 2016 was in tandem with higher revenue recognition.

1d. - The decrease in employee benefits expenses for 1H 2016 and 2Q 2016 was mainly due to lower staff costs for jewellery business

1e. - The increase in finance cost in 1H 2016 and 2Q 2016 was due to higher interest paid for multicurrency medium term notes (MTN) and retail bonds. The outstanding amount of the MTN and retail bonds as at 30 June 2016 was S$760 million as compared to S$495 million as at 30 June 2015.

1f. - Lower other operating expenses in 1H 2016 and 2Q 2016 were mainly due to lower foreign exchange loss and rental costs, partially offset by impairment loss of investment securities.

1g. - Higher interest income in 1H 2016 and 2Q 2016 was mainly due to higher income from the investment securities.

1h. - Lower other income in 1H 2016 was due to the absence of one-off gain from the sale of a property in Australia in 1H 2015.

1i. - The increase in share of results of associates and a joint venture in 1H 2016 and 2Q 2016 was mainly due to higher profit from share of profit from a joint venture.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Jun-16 S$'000	31-Dec-15 S$'000	30-Jun-16 S$'000	31-Dec-15 S$'000
Non-current assets				
Property, plant and equipment	29,741	23,252	894	864
Intangible assets	7,219	7,474	35	35
Investment properties	45,700	45,700	-	-
Investment in subsidiaries	-	-	165,622	161,712
Investment in associates	19,731	18,961	-	-
Investment in joint ventures	8,303	40,815	5,025	5,025
Investment securities	13	13	-	-
Other investment	-	-	-	29,614
Other receivables	5,138	5,423	34	6
Prepaid rent	17	42	-	-
Deferred tax assets	8,649	8,369	287	428
	124,511	**150,049**	**171,897**	**197,684**
Current assets				
Inventories	139,009	128,836	-	-
Development properties	774,439	875,597	-	-
Properties held for sale	13,923	8,929	-	-
Trade and other receivables	296,403	229,443	64	350
Prepaid rent	50	53	-	-
Prepayments	11,261	9,225	1,614	2,098
Due from subsidiaries (non-trade)	-	-	410,741	434,082
Due from a joint venture (non-trade)	87,355	55,605	87,355	55,313
Due from associates (non-trade)	17,660	17,660	-	-
Investment securities	355,770	152,868	-	-
Cash and bank balances	102,522	132,995	2,218	3,316
	1,798,392	**1,611,211**	**501,992**	**495,159**
Total assets	**1,922,903**	**1,761,260**	**673,889**	**692,843**
Current liabilities				
Trade and other payables	60,640	45,999	5,842	11,014
Due to subsidiaries (non-trade)	-	-	318	2,807
Due to an associate (non-trade)	4,980	4,980	-	-
Provision for taxation	16,452	5,162	85	50
Term notes and bonds	177,750	100,000	180,000	100,000
Interest-bearing loans and borrowings	461,579	480,057	-	-
	721,401	**636,198**	**186,245**	**113,871**
Net current assets	**1,076,991**	**975,013**	**315,747**	**381,288**
Non-current liabilities				
Interest bearing loans and borrowings	259,442	265,125	-	-
Term notes and bonds	574,000	460,000	230,000	310,000
Other payables	6,171	4,176	-	-
Deferred tax liabilities	8,552	19,466	-	-
	848,165	**748,767**	**230,000**	**310,000**
Total liabilities	**1,569,566**	**1,384,965**	**416,245**	**423,871**
Net assets	**353,337**	**376,295**	**257,644**	**268,972**
Equity attributable to shareholders of the Company				
Share capital	226,152	215,872	226,152	215,872
Treasury shares	(2,796)	(2,796)	(2,796)	(2,796)
Other reserves	(8,770)	2,560	1,429	1,429
Revenue reserves	89,328	111,564	32,859	54,467
	303,914	**327,200**	**257,644**	**268,972**
Non-controlling interests	49,423	49,095	-	-
Total equity	**353,337**	**376,295**	**257,644**	**268,972**
Net asset value per ordinary share (in cents)	**15.72**	**17.30**	**13.33**	**14.22**

2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2a. - Review of Financial Position

Group shareholders' funds decreased from S$376.3 million as at 31 December 2015 to S$353.3 million as at 30 June 2016. The decrease was mainly due to loss for the period and payment of dividend for FY2015. The increase in share capital was due to ordinary share issued under the scrip dividend scheme. Decrease in other reserves was mainly due to foreign currency translation.

The Group's total assets of S$1,922.9 million as at 30 June 2016 was S$161.6 million higher than that as at 31 December 2015 mainly due to the increase in investment securities, trade and other receivables, amount due from a joint venture, inventories and property, plant and equipment. The increase was partially offset by the decline in development properties, investment in joint ventures and cash and bank balances. The increase in trade and other receivables and decrease in development properties were mainly due to reclassification of development properties to trade receivables as the Group had obtained Temporary Occupation Permit ("TOP") for its Urban Vista project in 2Q 2016. The increase in property, plant and equipment was mainly due to purchase of a property. The decrease in investment in joint ventures was due to disposal of investment in a joint venture.

The Group's total liabilities of S$1,569.6 million as at 30 June 2016 was S$184.6 million higher than that as at 31 December 2015 mainly due to the issuance of retail bonds in April 2016, the increase in trade and other payables and provision for taxation. The increase was partially offset by the repayment of interest bearing loans and borrowing and decrease in deferred tax liabilities.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	2Q 2016 S$'000	2Q 2015 S$'000	1H 2016 S$'000	1H 2015 S$'000
Operating activities				
(Loss)/profit before taxation	(6,608)	1,115	(1,555)	1,590
Adjustments for:				
Property, plant and equipment written off	389	91	477	107
Depreciation of property, plant and equipment	1,040	969	2,005	1,962
Gain on disposal of property, plant and equipment	(3)	-	(4)	-
Impairment loss on interest receivables	19	-	19	-
Impairment loss on investment securities	1,500	-	1,500	-
Loss on disposal of investment securities	29	137	50	124
Loss on disposal of a joint venture	211	-	211	-
Write down of inventories	137	15	137	39
Interest expense	9,921	6,593	17,087	11,144
Interest income	(4,145)	(1,576)	(6,201)	(3,108)
Amortisation of prepaid rent	12	41	28	129
Amortisation of intangible assets	127	128	255	256
Amortisation of prepaid commitment fees	708	762	1,130	762
Listing expenses of a subsidiary	158	-	606	-
Share of results of associates and a joint venture	(1,028)	(595)	(2,761)	(313)
Unrealised foreign exchange differences	2,855	3,387	167	6,724
Operating profit before changes in working capital	**5,322**	**11,067**	**13,151**	**19,416**
Decrease/(increase) in:				
Inventories	(4,882)	5,285	(10,310)	5,216
Development properties	88,401	23,923	102,283	18,698
Properties held for sale	(4,793)	(80)	(4,933)	(237)
Trade and other receivables	(58,125)	9,208	(66,764)	(6,458)
Prepayments	737	6,708	1,531	(208)
Increase in:				
Trade and other payables	1,131	8,582	17,623	5,710
Net cash flows generated from operations	**27,791**	**64,693**	**52,581**	**42,137**
Interest paid	(12,864)	(7,501)	(23,918)	(12,991)
Income taxes paid	(392)	(7,845)	(505)	(7,970)
Net cash flows generated from operating activities	**14,535**	**49,347**	**28,158**	**21,176**
Investing activities				
Purchase of property, plant and equipment	(2,540)	(569)	(9,070)	(1,246)
Proceeds from sale of property, plant and equipment	4	7	103	7
Investment in joint ventures	-	-	-	(5,000)
Purchase of investment securities	(234,095)	(9,489)	(253,723)	(27,875)
Proceeds from disposal of investment securities	39,262	12,695	40,251	26,690
Interest received	4,145	1,576	6,201	3,108
Acquisition of non-controlling interests of subsidiary	-	-	(17)	-
Due from associates (non-trade), net	-	(3,400)	-	(6,900)
Due from a joint venture (non-trade), net	(1,195)	(880)	(4,649)	(49,181)
Net cash flows used in investing activities	**(194,419)**	**(60)**	**(220,904)**	**(60,397)**
Financing activities				
Dividends paid to shareholders of the Company	(8,636)	(1,131)	(8,636)	(1,131)
Dividends paid to non-controlling interests of subsidiaries	(332)	(5,214)	(332)	(7,214)
Proceeds from issuance of shares by subsidiary to a non-controlling interest	-	19	-	19
Proceeds from bonds	200,000	-	200,000	-
Proceeds from term loans	3,830	24,464	37,241	47,452
Repayment of term loans	(86,529)	(39,108)	(126,916)	(54,139)
Proceeds from short term bank borrowings, net	34,994	5,931	66,233	74,504
Proceeds from finance lease obligations	146	-	146	-
Repayment of finance lease obligations	(4)	-	(4)	-
Term notes and bonds commitment fee paid	(4,571)	-	(4,571)	-
Listing expenses paid by a subsidiary	(186)	-	(713)	-
Net cash flows generated from/(used in) financing activities	**138,712**	**(15,039)**	**162,448**	**59,491**
Net (decrease)/increase in cash and cash equivalents	(41,172)	34,248	(30,298)	20,270
Cash and cash equivalents at beginning of period	144,318	69,520	132,995	83,619
Effects of exchange rate changes on balances held in foreign currencies	(624)	(209)	(175)	(330)
Cash and cash equivalents at end of period	**102,522**	**103,559**	**102,522**	**103,559**

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statements comprise the following amounts:-

	1H 2016 S$'000	1H 2015 S$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	31,000	18,450
Cash at bank	71,522	85,109
Cash and cash equivalents	**102,522**	**103,559**

3a. - Cashflow Analysis

2Q 2016

Net cash flows generated from operating activities for 2Q 2016 was S$14.5 million compared to S$49.3 million for 2Q 2015. This was mainly due to decrease in development properties and prepayments and increase in trade and other payables, partially offset by loss for the period, increase in trade and other receivables, inventories and properties held for sale. The decrease in development properties and increase in trade and other receivables was mainly due to reclassification of development properties to trade receivables as the Group had obtained TOP for its Urban Vista project in 2Q 2016.

Net cash flows used in investing activities of S$194.4 million in 2Q 2016 was mainly due to the purchase of investment securities (net). The investment in securities was for the purpose of short term investment while pending deployment of the fund.

Net cash flows generated from financing activities was S$138.7 million compared to net cash used in financing activities of S$15.0 million in 2Q 2015. This was mainly due to the proceeds from the issuance of retail bonds and short term bank borrowings (net), partially offset by repayment of term loans.

1H 2016

Net cash generated from operating activities for 1H 2016 was S$28.2 million compared to S$21.2 million for the corresponding first half in the previous year. This was mainly due to decrease in development properties and prepayments and increase in trade and other payables, partially offset by loss for the period, increase in trade and other receivables, inventories and properties held for sale. The decrease in development properties and increase in trade and other receivables was mainly due to reclassification of development properties to trade receivables as the Group had obtained TOP for its Urban Vista project in 2Q 2016.

Net cash used in investing activities of S$220.9 million in 1H 2016 was mainly due to increase of investment securities (net) and property, plant and equipment. The increase in property, plant and equipment was mainly due to the purchase of a HDB shop.

Net cash generated from financing activities was S$162.4 million compared to S$59.5 million in 1H 2015. This was mainly due to the proceeds from the issuance of retail bonds and short term bank borrowings (net), partially offset by repayment of term loans.

As a result, free cash flow decreased marginally to S$102.5 million as at 30 June 2016 from S$103.6 million as at 30 June 2015.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests	Total
	Share capital S$'000	Treasury shares S$'000	Revenue reserves S$'000	Other reserves S$'000	S$'000	S$'000
Group						
Balance as at 1 January 2016	**215,872**	**(2,796)**	**111,564**	**2,560**	**49,095**	**376,295**
Loss for the period	-	-	(3,335)	-	1,170	**(2,165)**
Other comprehensive income for the period						
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(592)	-	**(592)**
Foreign currency translation	-	-	-	(3,536)	(489)	**(4,025)**
Share of other comprehensive income of a joint venture	-	-	-	(7,191)	-	**(7,191)**
Other comprehensive income, net of tax	-	-	-	(11,319)	(489)	**(11,808)**
Contributions by and distributions to owner						
Dividends on ordinary shares- *Cash and scrip dividends*	-	-	(18,901)	-	(347)	**(19,248)**
Ordinary shares issued under scrip dividend	10,280	-	-	-	-	**10,280**
Total contributions by and distributions to owners	10,280	-	(18,901)	-	(347)	**(8,968)**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests in a subsidiary	-	-	-	(11)	(6)	**(17)**
Total changes in ownership interests in subsidiaries	-	-	-	(11)	(6)	**(17)**
Balance as at 30 June 2016	**226,152**	**(2,796)**	**89,328**	**(8,770)**	**49,423**	**353,337**
Balance as at 1 January 2015	**202,179**	**(2,473)**	**125,696**	**(44)**	**44,387**	**369,745**
Profit for the period	-	-	2,528	-	(2,045)	**483**
Other comprehensive income for the period						
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(1,060)	-	**(1,060)**
Foreign currency translation	-	-	-	(2,299)	(523)	**(2,822)**
Share of other comprehensive income of a joint venture	-	-	-	(1,426)	-	**(1,426)**
Other comprehensive income, net of tax	-	-	-	(4,785)	(523)	**(5,308)**
Contributions by and distributions to owners						
Dividends on ordinary shares- Cash and scrip dividends	-	-	(14,825)	-	(7,214)	**(22,039)**
- *In Specie*	-	-	(7,880)	-	7,880	**-**
Ordinary shares issued under scrip dividend	13,694	-	-	-	-	**13,694**
Capital contribution to subsidiary	-	-	-	-	(102)	**(102)**
Total contributions by and distributions to owners	13,694	-	(22,705)	-	564	**(8,447)**
Balance as at 30 June 2015	**215,873**	**(2,473)**	**105,519**	**(4,829)**	**42,383**	**356,473**

4. STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to shareholders of the Company				Non-controlling interests	Total
	Share capital S$'000	Treasury shares S$'000	Revenue reserves S$'000	Other reserves S$'000	S$'000	S$'000
<u>Company</u>						
Balance as at 1 January 2016	**215,872**	**(2,796)**	**54,467**	**1,429**	**-**	**268,972**
Loss for the period	-	-	(2,691)	-	-	**(2,691)**
<u>Contributions by and distributions to owner</u>						
Dividends on ordinary shares- *Cash and scrip dividends*	-	-	(18,917)	-	-	**(18,917)**
Ordinary shares issued under scrip dividend	10,280	-	-	-	-	**10,280**
Total contributions by and distributions to owners	10,280	-	(18,917)	-	-	**(8,637)**
Balance as at 30 June 2016	**226,152**	**(2,796)**	**32,859**	**1,429**	**-**	**257,644**
Balance as at 1 January 2015	**202,179**	**(2,473)**	**(18,527)**	**2,403**	**-**	**183,582**
Profit for the period	-	-	43,665	-	-	**43,665**
<u>Other comprehensive income for the period</u>						
Net loss on fair value changes of available-for-sale- financial assets	-	-	-	(1,042)	-	**(1,042)**
Other comprehensive income, net of tax	-	-	-	(1,042)	-	**(1,042)**
<u>Contributions by and distributions to owner</u>						
Dividends on ordinary shares- *Cash and scrip dividends*	-	-	(14,825)	-	-	**(14,825)**
- In Specie	-	-	(7,799)	-	-	**(7,799)**
Ordinary shares issued under scrip dividend	13,694	-	-	-	-	**13,694**
Total contributions by and distributions to owners	13,694	-	(22,624)	-	-	**(8,930)**
Balance as at 30 June 2015	**215,873**	**(2,473)**	**2,514**	**1,361**	**-**	**217,275**

5. CHANGES IN SHARE CAPITAL

	Company	
	No. of shares '000	S$ '000
Issued and fully paid share capital (excluding treasury shares)		
Balance at 1 January and 31 March 2016	1,891,628	213,076
Ordinary shares issued under Scrip Dividend Scheme (Note 1)	41,118	10,280
Balance at 30 June 2016	**1,932,746**	**223,356**

Note 1 - On 23 June 2016 , the Company issued 41,117,827 new shares at an issue price of S$0.25 to eligible Shareholders who have elected to participate in Company's scrip dividend scheme.

6. CHANGES IN TREASURY SHARES

There were no (30 June 2015: nil) treasury shares transferred to employees under the Aspial Share Award Scheme during the financial period.

	Company	
	No. of shares '000	S$ '000
Balance at 1 January, 31 March and 30 June 2016	10,158	2,796

7. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30-June-16		As at 31-Dec-15	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
461,579	177,750	480,057	100,000

Amount repayable after one year

As at 30-June-16		As at 31-Dec-15	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
259,442	574,000	265,125	460,000

Details of collateral

The Group's borrowings and debt securities are secured as follows:-
i) legal mortgages over subsidiaries' development properties;
ii) legal assignment of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of development properties or units;
iii) legal assignment of subsidiaries' interest in the Project Account and Rental Account;
iv) corporate guarantee by the Company; and
v) fixed and floating charge on all current assets of certain subsidiaries.

8. AUDITOR'S REPORT

The figures have not been audited nor reviewed by the auditors.

9. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the second quarter for the current financial period ended 30 June 2016 as those of the audited financial statements for the financial year ended 31 December 2015, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2016. The adoption of these new and revised FRSs has no material effect on the second quarter announcement for the current financial period ended 30 June 2016.

10. EARNINGS PER SHARE

	Group			
	2Q 30-June-16 cents	2Q 30-June-15 cents	1H 30-June-16 cents	1H 30-June-15 cents
i) Basic (loss)/earnings per share	(0.33)	0.01	(0.18)	0.14
ii) Diluted (loss)/earnings per share	(0.33)	0.01	(0.18)	0.14
-Weighted average number of shares (excluding treasury shares) ('000)	1,894,790	1,856,088	1,893,209	1,854,592

11. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
Net asset value per ordinary share (in cents)	15.72	17.30	13.33	14.22
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,932,746	1,891,628	1,932,746	1,891,628

12. VARIANCE FROM FORECAST STATEMENT

No forecast for the period ended 30 June 2016 was previously provided.

13. REVIEW OF CORPORATE PERFORMANCE

The Group posted another quarter of strong growth in revenue in second quarter of 2016 ("2Q 2016"). For the half year ended 30 June 2016 ("1H 2016"), Group revenue increased by 36.6% from S$200.5 million to S$273.9 million. The higher revenue was mainly driven by higher contributions from Real Estate Business and Finance Service Business.

For 2Q 2016, Group revenue increased by S$48.0 million or 47.8% from S$100.4 million to S$148.4 million, mainly due to higher revenue from Real Estate Business and Financial Service Business.

Revenue from the Real Estate Business increased by 76.7% from S$77.6 million in 1H 2015 to S$137.1 million in 1H 2016. The revenue for 1H 2016 was mainly contributed by the progress recognition of sales from The Hillford and Waterfront@Faber, and the final recognition of sales from Urban Vista.

Revenue from the Financial Service Business rose 30.3% to S$76.3 million in 1H 2016. The increase was due to higher interest income and sales from the retailing and trading of pre-owned jewellery and watches.

For 1H 2016, revenue from the Jewellery Business increased marginally by S$0.1 million from S$66.3 million to S$66.4 million. The marginal increase in revenue was mainly due to higher sales of gold jewellery partially offset by decrease in gem-set jewellery. Overall sales were affected by weak consumer sentiments and the ongoing consolidation of retail stores which had resulted in a reduction of two retail stores in 1H 2016 as compared to 1H 2015.

Operating expense decreased by S$1.3 million from S$80.1 million to S$78.8 million in 1H 2016. The decrease was mainly due to lower staff costs and rental expense as a result of the lesser number of retail stores, partially offset by an impairment loss of S$1.5 million for its investment securities.

At the pre-tax level, the Group recorded a loss of S$1.6 million in 1H 2016 as compared to profit of S$1.6 million in 1H 2015. The loss was mainly due to lower gross profits for the Real Estate Business and Jewellery Business, marketing expenses for Real Estate Business and Jewellery Business and impairment for its investment securities.

For 1H 2016, the Real Estate Business recorded a pre-tax loss of S$2.4 million as compared to pre-tax profit of S$2.5 million for 1H 2015. This is mainly due to

a. Lower gross margin for the revenue booked for Waterfront@Faber and The Hillford projects in 1H 2016.

b. Loss of rental income as the Group had started demolition of the old Keypoint building for the construction of new CityGate development in 4Q 2015.

c. The Group had just begun booking revenue and profit for the CityGate project as construction only commenced in 2Q 2016.

d. Marketing costs for its projects in Singapore and Australia that have to be expensed off. As revenue and profit can only be booked based on the completion of contract method for Australian projects, there is a general mismatch between the timing of expense of marketing costs and the recognition of project revenue and profit.

The Jewellery Business reported a pre-tax loss of S$1.8 million as compared to pre-tax profit of S$0.6 million in 1H 2015. The loss was mainly due to lower gross profit as gold sales had contributed a larger proportion to the overall revenue. Operating expenses such as rental and other store related expenses had decreased mainly due to the on-going rationalization of retail network. However, the lower operating expenses were offset by higher branding/marketing and interest costs.

Even though market and consumer sentiments were weaker, the Group had invested in three major brand campaigns for its Goldheart and CitiGems brands in 1H 2016. Excluding the branding/marketing expense of S$2.5 million and a one-time write-off of about S$0.2 million for a store closure at International Building, the Jewellery Business would have made a profit of S$0.9 million in 1H 2016

The Group had taken into account the following costs amounting to S$3.3 million for 1H 2016:

a. Sales and marketing expenditure of S$1.8 million for the marketing of the remaining units of Australia 108 and Avant projects in Melbourne, preparation of marketing materials for the launch of Nova City in Cairns and marketing spend for Waterfront@Faber and CityGate in Singapore;

b. Impairment of S$1.5 million for its investment securities.

Excluding the above costs, the Group profit would have been S$1.7 million in 1H 2016.

14. BUSINESS OUTLOOK

Real Estate Business

Singapore real estate market remains subdued in 2016. According to the real estate statistics released by URA, the prices of private residential properties declined 0.4% in 2Q 2016 as compared to 0.7% in 1Q 2016.

Despite the declining prices and transaction volume for the private residential properties in Singapore, the Group continues to record encouraging sales for its projects.

14. BUSINESS OUTLOOK (CONTINUED)

Real Estate Business (continued)

The table below provides an overview of the ongoing projects of the Group in Singapore and Australia:

Project	Type	Total Units	Launch Date	Units Launched	% Sold based on unit launched
In Singapore					
The Hillford	Residential	281	2Q 2014	281	100%
The Hillford	Commercial	20	1Q 2014	20	90%
Waterfront@Faber	Residential	210	2Q 2014	210	100%
CityGate*	Residential	311	3Q 2014	311	99%
CityGate*	Commercial	188	3Q 2014	188	60%
In Australia					
Australia 108 (Melbourne)	Residential & Commercial	1,105	4Q 2014	1,105	95%
Avant (Melbourne)	Residential & Commercial	456	2Q 2015	456	>95%

** CityGate is 50% owned by a subsidiary of the Group and jointly developed with Fragrance Group Limited.*

In Singapore, the Group awarded the construction of CityGate in 1Q 2016 and construction has commenced in 2Q 2016. With the commencement of construction for CityGate, the Group has commenced construction for all its projects in Singapore and expects to book revenue and profit for the units sold progressively in accordance with the stage of completion from FY2016 to FY2018.

In Australia, the Group has also made good progress for the two projects which were launched in 2014 and 2015. To date, the Group's two projects in Melbourne, namely Australia 108 and Avant have performed very well with over 95% of total units sold. The Group has commenced construction works for the two projects and expects to book revenue and profit for the units sold upon the completion of the projects in phases from 2018 to 2020.

In the next twelve months, the Group will focus on the planning and launching of Nova City in Cairns and Albert Street projects in Brisbane.

In Penang, the Group had purchased land and properties costing about MYR 300 million for commercial and residential investment and development.

At current market prices, the Group expects to make ***substantial*** profits from its development projects in Singapore and Australia. The Real Estate Business is expected to continue to contribute significantly to the Group's revenue and profitability due to the following reasons:-

First, based on the units sold in its property projects in Singapore as at the date of this announcement, the Group has locked in total revenue of about S$485 million which will be progressively recognised in accordance with the stage of construction.

Second, the Group has locked in about A$1.1 billion of sales revenue from the Australia 108 and Avant projects. The revenue and profit will be recognised upon the completion of the various phases of these projects from 2018 to 2020.

Third, at current market prices, the potential sales revenue from the Group's remaining local and overseas development projects is estimated to be in excess of S$1.7 billion.

Overall, the Group has locked in more than S$1.5 billion of sales in Singapore and Australia.

In April 2016, the Group obtained TOP for Urban Vista and had received/will be receiving a total of about $100 million cash from the TOP, CSC and SSCT of the project. The Group has obtained TOP for its Kensington Square project in Aug 2016 and expects to obtain TOP for The Hillford in the next 6 months and TOP for Waterfront@Faber in the next 12 months.

Overall, the Group expects positive cashflow and reduction of project debt as the above projects are completed. With the commencement of construction at CityGate, the Group expects increased revenue and profit contribution from this project from 2H 2016 onwards.

Jewellery Business

The Group expects consumer sentiments to remain weak in 2016 given the uncertain economic outlook in Singapore and the region. The Group will continue its efforts to improve operational effectiveness and efficiency of its Jewellery Business.

Financial Service Business

The Group will continue to improve its operations amid the competitive business environment and capitalize on its strong "Maxi-cash" brand and its largest retail network in Singapore to increase revenue and profits.

The Group's marketing efforts coupled with its modern, professional and innovative business approaches are expected to continue to drive its growth in 2016.

Other Investment

The existing core business of AF Global Limited, namely the hotel and serviced residence business is expected to remain profitable. The Group, through its joint venture company AF Corporation Pte Ltd, is currently reviewing the strategy and plans for the Xuzhou project and site at Rawai, Phuket.

The Group

Barring unforeseen circumstances and major depreciation of Malaysian and Australian currencies, the Group expects to remain profitable in 2016.

15. INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions persuant to Rule 920(1)(a)(ii) of the Listing Manual.

16. DIVIDEND

(i) Any dividend declared for the current financial period reported on?
No

(ii) Any dividend declared for the preceding financial period?
No

17. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL

The Company confirms that all the required undertakings under Rule 720 (1) of the Listing Manual have been obtained from all its directors and executive officers in the format as set out in Appendix 7.7.

18. NEGATIVE CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six months ended 30 June 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng CEO	Koh Lee Hwee Director

10 August 2016