ASPIAL
Corporation Ltd

Company Registration No: 197001030G
(Incorporated in Singapore)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 31 March 2017 ("1Q 2017")

	Group		
	1Q 2017 S$'000	1Q 2016 S$'000	Change %
Revenue	**140,882**	**125,570**	**12%**
Materials and subcontract costs	(101,985)	(93,394)	**9%**
Employee benefits	(11,811)	(9,945)	**19%**
Depreciation and amortisation	(1,225)	(1,109)	**10%**
Finance costs	(5,811)	(7,166)	**-19%**
Other operating expenses	(17,885)	(17,393)	**3%**
Interest income	2,221	2,056	**8%**
Rental income	691	516	**34%**
Other income	4,640	4,185	**11%**
Share of results of associates and a joint venture	859	1,733	**-50%**
Profit before tax	**10,576**	**5,053**	**109%**
Taxation	(2,640)	(995)	**165%**
Profit for the period	**7,936**	**4,058**	**96%**
Other comprehensive income			
Net fair value changes of available-for-sale financial assets	4,115	(545)	**n.m**
Foreign currency translation	4,072	305	**n.m**
Share of other comprehensive income of a joint venture	(1,715)	(3,841)	**-55%**
Other comprehensive income for the period, net of tax	**6,472**	**(4,081)**	**n.m**
Total comprehensive income for the period	**14,408**	**(23)**	**n.m**
Profit attributable to:			
Owners of the Company	6,342	3,004	**111%**
Non-controlling interests	1,594	1,054	**51%**
	7,936	**4,058**	**96%**
Total comprehensive income attributable to:			
Owners of the Company	12,184	(1,093)	**n.m**
Non-controlling interests	2,224	1,070	**108%**
	14,408	**(23)**	**n.m**
Earnings per ordinary share (cents)			
-Basic	**0.33**	**0.16**	**106%**
-Diluted	**0.33**	**0.16**	**106%**

Other information :-

	Group		
	1Q 2017 S$'000	1Q 2016 S$'000	Change %
Amortisation of intangible assets and prepaid rent	141	144	-2%
Depreciation of property, plant and equipment	1,084	965	12%
Net foreign exchange (gain)/loss	(4,246)	(2,930)	45%
Manufacturing and melting loss	139	155	-10%
Impairment loss on investment securities	363	-	n.m
Property, plant and equipment written off	103	88	17%

n.m - means "not meaningful"

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 1Q 2017 was in tandem with higher revenue recognition.

1d. - The increase in employee benefits expenses for 1Q 2017 was mainly due to increase in number of employees, basic salaries and performance bonus for the financial service and the real estate businesses.

1e. - The decrease in finance cost for 1Q 2017 was mainly due to lower interest-bearing loans and borrowings.

1f. - Higher other operating expenses in 1Q 2017 was mainly due to higher sales & marketing expenses for the financial service business.

1g. - Higher other income in 1Q 2017 was mainly due to the net foreign exchange gain.

1h. - The decrease in share of results of associates and a joint venture in 1Q 2017 was mainly due to share of lower profit from the real estate business.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Property, plant and equipment	42,256	42,304	818	880
Intangible assets	6,836	6,964	35	35
Investment properties	45,700	45,700	-	-
Investment in subsidiaries	-	-	189,913	180,013
Investment in associates	17,840	18,033	-	-
Investment in joint ventures	11,428	12,092	5,025	5,025
Investment securities	1,365	1,365	-	-
Other receivables	5,286	5,328	6	6
Deferred tax assets	9,022	9,587	-	-
	139,733	**141,373**	**195,797**	**185,959**
Current assets				
Inventories	137,329	141,517	-	-
Development properties	843,807	798,011	-	-
Properties held for sale	16,657	16,944	-	-
Trade and other receivables	286,574	298,877	56	322
Prepaid rent	29	42	-	-
Prepayments	12,239	9,496	1,084	1,211
Due from subsidiaries (non-trade)	-	-	331,277	370,488
Due from a joint venture (non-trade)	84,258	82,897	84,258	82,897
Due from associates (non-trade)	3,550	6,350	-	-
Investment securities	148,338	155,985	-	-
Cash and bank balances	95,615	70,284	725	751
	1,628,396	**1,580,403**	**417,400**	**455,669**
Total assets	**1,768,129**	**1,721,776**	**613,197**	**641,628**
Current liabilities				
Trade and other payables	57,166	59,213	5,106	3,934
Due to subsidiaries (non-trade)	-	-	124,071	97,338
Due to an associate (non-trade)	5,260	5,260	-	-
Provision for taxation	18,424	17,539	131	77
Term notes and bonds	-	55,750	-	55,750
Interest-bearing loans and borrowings	455,007	447,748	-	-
	535,857	**585,510**	**129,308**	**157,099**
Net current assets	**1,092,539**	**994,893**	**288,092**	**298,570**
Non-current liabilities				
Interest bearing loans and borrowings	255,523	175,612	-	-
Term notes and bonds	574,000	574,000	230,000	230,000
Other payables	2,015	1,696	-	-
Deferred tax liabilities	9,456	8,088	108	109
	840,994	**759,396**	**230,108**	**230,109**
Total liabilities	**1,376,851**	**1,344,906**	**359,416**	**387,208**
Net assets	**391,278**	**376,870**	**253,781**	**254,420**
Equity attributable to shareholders of the Company				
Share capital	226,152	226,152	226,152	226,152
Treasury shares	(2,589)	(2,589)	(2,589)	(2,589)
Other reserves	513	(5,329)	1,413	1,413
Revenue reserves	100,097	93,755	28,805	29,444
	324,173	**311,989**	**253,781**	**254,420**
Non-controlling interests	67,105	64,881	-	-
Total equity	**391,278**	**376,870**	**253,781**	**254,420**
Net asset value per ordinary share (in cents)	**16.77**	**16.14**	**13.13**	**13.16**

2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2a. - Review of Financial Position

Group shareholders' funds increased from S$376.9 million as at 31 December 2016 to S$391.3 million as at 31 March 2017. The increase was mainly due to the profit for the period, increase in other reserves and non-controlling interest. The increase in other reserves was mainly due to changes in fair value of available-for-sale financial assets and foreign currency translation.

The Group's total assets of S$1,768.1 million as at 31 March 2017 was S$46.4 million higher than that as at 31 December 2016 mainly due to increase in development properties, cash and bank balances, prepayments and amount due from a joint venture. The increase was partially offset by decrease in trade and other receivables, investment in securities, inventories and amount due from associates. The increase in development properties was mainly due to the overseas development projects. The increase in prepayments was mainly due to deposit paid for the purchase of a property. The decrease in trade and other receivables was mainly due to the return of security deposits paid to the builders for the overseas projects.

The Group's total liabilities of S$1,376.9 million as at 31 March 2017 was S$31.9 million higher than that as at 31 December 2016 mainly due to the increase of interest bearing loans and borrowings and deferred tax liabilities. The increase was partially offset by redemption of all its outstanding S$55.75 million term notes due in January 2017 and decrease of trade and other payables.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	1Q 2017 S$'000	1Q 2016 S$'000
Operating activities		
Profit before taxation	10,576	5,053
Adjustments for:		
Property, plant and equipment written off	103	88
Depreciation of property, plant and equipment	1,084	965
Impairment loss on investment securities	363	-
Loss on disposal of investment securities	151	22
Write down of inventories	189	-
Interest expense	5,811	7,166
Interest income	(2,221)	(2,056)
Amortisation of prepaid rent	13	16
Amortisation of intangible assets	128	128
Amortisation of prepaid commitment fees	616	422
Listing expenses of a subsidiary	494	448
Share of results of associates and a joint venture	(859)	(1,732)
Unrealised foreign exchange differences	(4,133)	(2,688)
Operating profit before changes in working capital	**12,315**	**7,832**
Decrease/(increase) in:		
Inventories	3,999	(5,428)
Development properties	(29,235)	13,882
Properties held for sale	137	(140)
Trade and other receivables	14,538	(7,197)
Prepayments	(3,269)	793
Increase/(decrease) in:		
Trade and other payables	(2,074)	16,492
Net cash flows (used in)/generated from operations	**(3,589)**	**26,234**
Interest paid	(14,334)	(11,054)
Income taxes paid	(1,077)	(113)
Net cash flows (used in)/generated from operating activities	**(19,000)**	**15,067**
Investing activities		
Purchase of property, plant and equipment	(1,140)	(6,530)
Proceeds from sale of property, plant and equipment	-	99
Interest received	486	614
Purchase of investment securities	(7,124)	(19,628)
Proceeds from disposal of investment securities	19,277	989
Acquisition of non-controlling interests in a subsidiary	-	(17)
Due from associates (non-trade), net	2,800	-
Due from a joint venture (non-trade), net	(1,361)	(3,454)
Net cash flows generated from/(used in) investing activities	**12,938**	**(27,927)**
Financing activities		
Repayment of term notes	(55,750)	-
Proceeds from term loans	230,879	33,411
Repayment of term loans	(163,682)	(40,387)
Proceeds from short term bank borrowings, net	20,685	31,239
Repayment of finance lease obligations	(12)	-
Listing expenses paid by a subsidiary	(581)	(527)
Net cash flows generated from financing activities	**31,539**	**23,736**
Net increase in cash and cash equivalents	25,477	10,876
Cash and cash equivalents at beginning of period	70,284	132,995
Effects of exchange rate changes on cash and cash equivalents	(146)	447
Cash and cash equivalents at end of period	**95,615**	**144,318**

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:-

	1Q 2017 S$'000	1Q 2016 S$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	22,581	62,732
Cash at bank	73,034	81,586
Cash and cash equivalents	**95,615**	**144,318**

3a. - Cashflow Analysis

Net cash used in operating activities for 1Q 2017 was S$19.0 million compared to net cash generated from operating activities S$15.1 million for 1Q 2016. This was mainly due to increase in development properties, prepayments and decrease in trade and other payables, partially offset by decrease in trade and other receivables and inventories. The increase in development properties was mainly due to the overseas development projects. The increase in prepayments was mainly due to deposit paid for the purchase of a property. The decrease in trade and other receivables was mainly due to the return of security deposits paid to the builders for the overseas projects.

Net cash generated from investing activities of S$12.9 million in 1Q 2017 was mainly due to decrease in investment securities and amount due from associates, partially offset by increase in property, plant and equipment and amount due from a joint venture.

Net cash generated from financing activities was S$31.5 million compared to S$23.7 million in 1Q 2016. This was mainly due to the increase of term loans and short term bank borrowings (net), partially offset by redemption of all its outstanding S$55.75 million term notes due in January 2017.

As a result, cash and cash equivalent balances decreased to S$95.6 million as at 31 March 2017 from S$144.3 million as at 31 March 2016.

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 2017	**226,152**	**(2,589)**	**93,755**	**(5,329)**	**64,881**	**376,870**
Profit for the period	-	-	6,342	-	1,594	**7,936**
Other comprehensive income for the period						
Net gain on fair value changes of available-for-sale financial assets	-	-	-	4,115	-	**4,115**
Foreign currency translation	-	-	-	3,442	630	**4,072**
Share of other comprehensive income of a joint venture	-	-	-	(1,715)	-	**(1,715)**
Other comprehensive income, net of tax	-	-	-	5,842	630	**6,472**
Balance as at 31 March 2017	**226,152**	**(2,589)**	**100,097**	**513**	**67,105**	**391,278**
Balance as at 1 January 2016	**215,872**	**(2,796)**	**111,564**	**2,560**	**49,095**	**376,295**
Profit for the period	-	-	3,004	-	1,054	**4,058**
Other comprehensive income for the period						
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(545)	-	**(545)**
Foreign currency translation	-	-	-	289	16	**305**
Share of other comprehensive income of a joint venture	-	-	-	(3,841)	-	**(3,841)**
Other comprehensive income, net of tax	-	-	-	(4,097)	16	**(4,081)**
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 31 March 2016	**215,872**	**(2,796)**	**114,568**	**(1,548)**	**50,159**	**376,255**

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
Company						
Balance as at 1 January 2017	**226,152**	**(2,589)**	**29,444**	**1,413**	**-**	**254,420**
Loss for the period	-	-	(639)	-	-	**(639)**
Balance as at 31 March 2017	**226,152**	**(2,589)**	**28,805**	**1,413**	**-**	**253,781**
Balance as at 1 January 2016	**215,872**	**(2,796)**	**54,467**	**1,429**	**-**	**268,972**
Profit for the period	-	-	(1,196)	-	-	**(1,196)**
Balance as at 31 March 2016	**215,872**	**(2,796)**	**53,271**	**1,429**	**-**	**267,776**

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 2017	1,933,498	223,563

6. CHANGES IN TREASURY SHARES

There were no (31 March 2016: 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 and 31 March 2017	9,405	2,589

7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The company does not have any subsidiary holdings.

8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 31-Mar-17		As at 31-Dec-16	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
455,007	-	447,748	55,750

Amount repayable after one year

As at 31-Mar-17		As at 31-Dec-16	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
255,523	574,000	175,612	574,000

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.

9. AUDITOR'S REPORT

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

10. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the first quarter results announcement for the current financial period ended 31 March 2017 as those of the audited financial statements for the financial year ended 31 December 2016, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2017. The adoption of these new and revised FRSs has no material effect on the first quarter announcement for the current financial period ended 31 March 2017.

11. EARNINGS PER SHARE

	Group	
	1Q 2017 cents	1Q 2016 cents
i) Basic earnings per share	0.33	0.16
ii) Diluted earnings per share	0.33	0.16
-Weighted average number of shares (excluding treasury shares) ('000)	1,933,498	1,891,628

12. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per ordinary share (in cents)	16.77	16.14	13.13	13.16
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,933,498	1,933,498	1,933,498	1,933,498

13. VARIANCE FROM FORECAST STATEMENT

No forecast for the period ended 31 March 2017 was previously provided.

14. REVIEW OF CORPORATE PERFORMANCE

The Group posted strong growth in 1Q 2017. Revenue grew by 12.2% to S$140.9 million, contributed by the Real Estate Business and Financial Service Business.

Revenue from the Real Estate Business increased by 16.1% from S$58.5 million in 1Q 2016 to S$67.9 million in 1Q 2017. The increase in revenue was contributed by the progress recognition of sales from CityGate and Waterfront@Faber.

The Financial Service Business delivered another quarter of solid growth in 1Q 2017. Revenue increased by S$6.8 million or 18.2% from S$37.3 million in 1Q 2016 to S$44.1 million in 1Q 2017, driven by its higher interest income from its pawnbroking business and higher sales from the retail and trading of gold, jewellery and branded goods business. The Group continues to strengthen its leadership position in Singapore with its largest network of pawnshops and pledge book.

The Jewellery Business continued to be affected by weak consumer sentiments. For 1Q 2017, revenue dropped by S$4.3 million from S$34.5 million to S$30.2 million in 1Q 2017.

The higher pre-tax profit from the Real Estate Business lifted the Group's pre-tax profit by 109.3% to S$10.6 million in 1Q 2017.

The Real Estate Business recorded a pre-tax profit of S$8.8 million as compared to a pre-tax profit of S$1.8 million in 1Q 2016. The higher pre-tax profit was mainly due to the higher profit contribution from CityGate project and foreign exchange gain.

The Financial Service Business continued to record higher pre-tax profit in 1Q 2017. Although it recorded double digit growth in revenue, the pre-tax profit increased marginally by 2.9% from S$3.4 million in 1Q 2016 to S$3.5 million in 1Q 2017. This was due to the substantial increase in branding costs for the major marketing campaigns for LeGold and LuxeStyle in 1Q 2017. Excluding the branding cost of S$0.7 million for the marketing campaigns, the pre-tax profit would have been S$4.2 million.

The Jewellery Business reported a pre-tax loss of S$1.7 million as compared to a pre-tax profit of S$0.1 million in 1Q 2016. The pre-tax loss was mainly due to the lower revenue.

15. BUSINESS OUTLOOK

Real Estate Business

In Singapore, despite the soft commercial property market, the Group continues to record sales for its ongoing project.

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					
Waterfront@Faber	Residential	210	2Q 2014	210	100%
CityGate*	Residential	311	3Q 2014	311	100%
CityGate*	Commercial	188	3Q 2014	188	65%
In Australia					
Australia 108 (Melbourne)	Residential & Commercial	1,105	4Q 2014	1,105	98%
Avant (Melbourne)	Residential & Commercial	456	2Q 2015	456	96%
Nova City Tower 1 (Cairns)	Residential & Commercial	187	4Q 2016	101	28%

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

The Group expects increased revenue and profit contribution from CityGate in FY2017 and FY2018.

In Australia, the Group 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 sales of Nova City project and the planning and launching of Albert Street project in Brisbane.

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 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$228 million which will be progressively recognised in accordance with the stage of construction.

15. BUSINESS OUTLOOK (CONTINUED)

Real Estate Business (continued)

Second, the Group has locked in about A$1.1 billion of sales revenue from the Australia 108 and Avant. 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$1.9 billion.

Overall, the Group has locked in more than S$1.39 billion of sales in Singapore and Australia.

In January 2017, the Group had fully redeemed its outstanding bonds amounting to S$55.75 million due on 23 January 2017. The expected TOP of Waterfront@Faber in 1H 2017 will contribute about S$95 million of cashflow to the Group, part of which will be used to settle the outstanding loans for the project.

For its Australia projects, the Group had secured two construction loans, one for Australia 108 and the other for Avant amounting to about A$335 million. With these loans, the Group will able to complete the two projects with minimal further capital injections.

Overall, the Group expects its cash and debt position to strengthen as its projects complete in 2017 and 2018.

Financial Service Business

The Group will continue to enhance its operations and grow its strong "Maxi-cash" brand by focusing on local market trends and engagement with its customer.

Jewellery Business

The Group expects consumer sentiments to remain weak in 2017 given the uncertain economic outlook in Singapore and the region, and will continue its efforts to improve operational effectiveness and efficiency of its Jewellery Business.

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 commercial phase of the Xuzhou project and its site at Rawai, Phuket.

The Group

Further to the Group's announcement in 2015 regarding its proposed spin-off of its property business in Australia and Malaysia (the "**Proposed Spin-Off**") to be listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Group would like to update that it has made progress towards the Proposed Spin-Off. However, it is noted that the Proposed Spin-Off is dependent on, inter alia, the requisite approvals from the relevant regulatory authorities and the prevailing market conditions. Accordingly, there is no assurance that the Proposed Spin-Off will materialise in due course. The Group will provide further details and announce any material developments on the Proposed Spin-Off as and when appropriate.

Barring unforeseen circumstances and major depreciation of Malaysian and Australian currencies, the Group expects to remain profitable in 2017.

16. INTERESTED PERSON TRANSACTIONS

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

17. DIVIDEND

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

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

18. 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 set out in Appendix 7.7.

19. 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 three months ended 31 March 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng
CEO

Koh Lee Hwee
Director

9 May 2017