SECOND CHANCE PROPERTIES LTD

UNAUDITED THIRD QUARTER FINANCIAL RESULTS FOR THE PERIOD ENDED 31-05-2014

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 For the 9 months ended			Group For the 3 months ended		
	31-05-2014	31-05-2013	Change	31-05-2014	31-05-2013	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Revenue	**30,545**	**32,556**	**(6.18)**	**10,828**	**13,050**	**(17.03)**
Cost of sales	**(13,050)**	**(14,695)**	**(11.19)**	**(4,540)**	**(6,492)**	**(30.07)**
Gross profit	**17,495**	**17,861**	**(2.05)**	**6,288**	**6,558**	**(4.12)**
Other income	998	743	34.32	843	651	29.29
Expenses						
Distribution expenses	(740)	(687)	7.71	(235)	(245)	(4.08)
Property operating expenses	(1,287)	(1,112)	15.74	(459)	(340)	35.00
Gold operating expenses	(205)	(181)	13.26	(62)	(56)	10.71
Apparels operating expenses	(1,923)	(2,055)	(6.42)	(670)	(747)	(10.31)
Administrative expenses	(3,813)	(3,611)	5.59	(1,474)	(1,325)	11.25
Other operating expenses	(33)	(19)	73.68	7	8	(12.50)
	(8,001)	(7,665)	4.38	(2,893)	(2,705)	6.95
Profit from operations	**10,492**	**10,939**	**(4.09)**	**4,238**	**4,504**	**(5.91)**
Gain on fair valuation of properties	-	-	-	-	(430)	nm
Gain on fair valuation of securities, held-for-trading	1,773	768	130.86	878	281	212.46
Finance costs	(408)	(304)	34.21	(174)	(93)	87.10
Profit before income tax	**11,857**	**11,403**	**3.98**	**4,942**	**4,262**	**15.95**
Income tax expense	(1,012)	(1,435)	(29.48)	(674)	(666)	1.05
Net profit	**10,845**	**9,968**	**8.80**	**4,268**	**3,596**	**18.69**

Net profit	**10,845**	**9,968**	**8.80**	**4,268**	**3,596**	**18.69**
Other Comprehensive Income Items that may be reclassified subsequently to profit or loss:						
Fair value gain on financial assets, available-for-sale	7,187	12,468	(42.36)	5,543	4,354	27.31
Translation reserve arising from consolidation	95	180	(47.22)	75	197	(61.93)
Other comprehensive income, net of tax	7,282	12,648	(42.43)	5,618	4,551	23.45
Total comprehensive income	**18,127**	**22,616**	**(19.85)**	**9,886**	**8,147**	**21.35**

Notes	**Group For the 9 months ended**		**Group For the 3 months ended**	
	31-05-2014	31-05-2013	31-05-2014	31-05-2013
	$ '000	$ '000	$ '000	$ '000
Dividend income	2,964	2,757	995	1,556
Profit on disposal of financial assets, held-for-trading	395	175	374	111
Profit on disposal of investment property	81	430	-	430
Foreign exchange gain	445	110	476	121
Expenses include: Depreciation of property, plant and equipment	307	242	145	88
Total directors' remuneration	1,222	1,202	571	525
Directors' CPF	17	17	4	4
Directors' fees	104	124	50	59
Income Tax (Over)/Under provision of income tax	(330)	8	(8)	5
Finance costs Interest expenses:-				
Bank overdrafts	1	1	1	1
Short-term loans	341	206	156	63
Long-term loans	66	97	17	29
	408	**304**	**174**	**93**

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	
	31-05-2014	31-08-2013	31-05-2014	31-08-2013
	$ '000	$ '000	$ '000	$ '000
ASSETS				
Current assets				
Cash and cash equivalents	3,427	6,199	336	273
Trade and other receivables	2,954	1,272	12,266	12,319
Inventories	19,604	18,793	1,152	1,721
Other current assets	866	2,642	2,031	197
Property held for sale	-	2,446	-	-
Income tax recoverable	164	118		
Financial assets, held-for-trading	34,851	23,585	-	-
Total current assets	61,866	55,055	15,785	14,510
Non-current assets				
Amounts due from subsidiaries	-	-	216,498	204,797
Investments in subsidiaries	-	-	1,209	1,209
Financial assets, available-for-sale	60,938	52,639	54,152	47,539
Property, plant and equipment	25,842	11,097	69	101
Investment properties	201,250*	201,808	13,500	13,500
Total non-current assets	288,030	265,544	285,428	267,146
Total assets	**349,896**	**320,599**	**301,213**	**281,656**
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	79,788	41,516	66,935	30,675
Trade payables	3,928	4,019	591	619
Other payables	852	1,555	549	1,021
Current income tax liabilities	1,549	2,216	661	975
Total current liabilities	86,117	49,306	68,736	33,290
Non-current liabilities				
Borrowings	5,966	9,747	5,966	9,747
Deferred income tax liabilities	686	704	17	17
Total non-current liabilities	6,652	10,451	5,983	9,764
Total liabilities	**92,769**	**59,757**	**74,719**	**43,054**
Net assets	**257,127**	**260,842**	**226,494**	**238,602**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	120,140	116,925	120,140	116,925
Reserves	136,987	143,917	106,354	121,677
Total equity	**257,127**	**260,842**	**226,494**	**238,602**

***Includes properties worth $134.77 million in respect of which the Group has entered into an option agreement for their disposal. Please refer to paragraph 8 for further details.*

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31-05-2014		As at 31-08-2013	
Secured	***Unsecured***	***Secured***	***Unsecured***
$79,788,302	-	$41,516,356	-

Amount repayable after one year

As at 31-05-2014		As at 31-08-2013	
Secured	***Unsecured***	***Secured***	***Unsecured***
$5,965,581	-	$9,746,795	-

Details of Collateral

The Group's bank borrowings are secured by the mortgage of securities, the freehold and leasehold land and building 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 For the 9 months ended		Group For the 3 months ended	
	31-05-2014 $ '000	31-05-2013 $ '000	31-05-2014 $ '000	31-05-2013 $ '000
Cash flows from operating activities				
Net profit	10,845	9,968	4,268	3,596
Adjustments for				
-Income tax expense	1,012	1,435	674	666
-Depreciation of property, plant and equipment	307	242	145	88
-Gain on fair valuation of properties	-	-	-	430
-Interest expense	408	304	174	93
-Profit on disposal of financial assets, held-for-trading	(395)	(175)	(374)	(111)
-Unrealised foreign exchange gain on loans	(303)		(173)	-
-Profit on disposal of investment property held for sale	(81)	(430)	-	(430)
-Gain on fair valuation of financial assets, held-for-trading	(1,773)	(768)	(878)	(281)
-Exchange differences	72	(57)	26	(63)
	10,092	**10,519**	**3,862**	**3,988**
Changes in working capital				
-Inventories	(721)	1,315	(581)	1,701
-Trade and other receivables	121	(9,594)	(1,350)	(8,694)
-Trade and other payables	(911)	(1,661)	763	895
Net cash generated from operations	**8,581**	**579**	**2,694**	**(2,110)**
Income taxes paid	(1,752)	(2,785)	(722)	(1,217)
Interest paid	(408)	(304)	(174)	(93)
Net cash provided by/(used in) operating activities	**6,421**	**(2,510)**	**1,798**	**(3,420)**

	Group For the 9 months ended		Group For the 3 months ended	
	31-05-2014 $ '000	31-05-2013 $ '000	31-05-2014 $ '000	31-05-2013 $ '000
Cash flows from investing activities				
-Proceeds from disposal of financial assets, available-for-sale	203	141	45	64
-Proceeds from disposal of financial assets, held-for-trading	8,103	3,571	4,954	2,280
-Proceeds from disposal of investment properties held for sale	6,888	12,760	-	6,250
-Proceeds from disposal of property, plant and equipment	-	3	-	
-Purchase of financial assets, available-for-sale - Shares	(1,814)	(3,505)	(1,353)	(499)
-Purchase of financial assets, held-for-trading - Shares	(10,423)	-	(7,261)	-
-Purchase of financial assets, held-for-trading - Bonds	(6,278)	(23,002)	(5,667)	(3,030)
-Purchase of/ improvements to investment properties	(14)	(11)	-	(8)
-Purchase of property, plant and equipment	(18,809)	(431)	(235)	(122)
Net cash (used in)/provided by investing activities	**(22,144)**	**(10,474)**	**(9,517)**	**4,935**
Cash flows from financing activities				
-Proceeds from issue of shares	3,215	30,554	-	102
-Cash used in Share Buyback	-	(485)	-	-
-Dividend paid	(25,057)	(24,861)	(13,544)	-
-Proceeds from short-term bank borrowings	73,984	71,129	33,644	4,790
-Repayment of short-term bank borrowings	(35,126)	(52,898)	(11,353)	(5,659)
-Repayment of long-term bank borrowings	(4,065)	(11,430)	(133)	(203)
Net cash provided/(used in) by financing activities	**12,951**	**12,009**	**8,614**	**(970)**
Net (decrease)/increase in cash and cash equivalents	(2,772)	(975)	895	545
Cash and cash equivalents at beginning of financial period	6,199	2,107	2,532	587
Cash and cash equivalents at end of financial period	**3,427**	**1,132**	**3,427**	**1,132**
Cash and cash equivalents consist of:				
Cash at bank	3,427	1,132	3,427	1,132
	3,427	**1,132**	**3,427**	**1,132**

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
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Balance as at 31 May 2013	**112,966**	**4,147**	**17,622**	**(696)**	**93,987**	**228,026**
Issue of share capital	3,959					**3,959**
Dividends paid					(11,330)	**(11,330)**
Total comprehensive income /(loss) for the period		2,344	(8,879)	(442)	47,164	**40,187**
Balance as at 31 August 2013	**116,925**	**6,491**	**8,743**	**(1,138)**	**129,821**	**260,842**
Issue of share capital	3,215					**3,215**
Total comprehensive income for the period			978	73	3,853	**4,904**
Balance as at 30 November 2013	**120,140**	**6,491**	**9,721**	**(1,065)**	**133,674**	**268,961**
Dividends paid					(11,513)	**(11,513)**
Total comprehensive income /(loss) for the period			666	(53)	2,724	**3,337**
Balance as at 28 February 2014	**120,140**	**6,491**	**10,387**	**(1,118)**	**124,885**	**260,785**
Dividends paid					(13,544)	**(13,544)**
Total comprehensive income for the period			5,543	75	4,268	**9,886**
Balance as at 31 May 2014	**120,140**	**6,491**	**15,930**	**(1,043)**	**115,609**	**257,127**

	Share Capital	Assets Revaluation Reserve	Fair Value Reserve	Translation Reserve	Retained Earnings	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Balance as at 31 May 2012	**81,757**	**3,562**	**1,433**	**(779)**	**95,417**	**181,390**
Issue of share capital	8,608					**8,608**
Share buyback	(7,468)					**(7,468)**
Total comprehensive income /(loss) for the period		585	3,721	(97)	13,463	**17,672**
Balance as at 31 August 2012	**82,897**	**4,147**	**5,154**	**(876)**	**108,880**	**200,202**
Issue of share capital	3,993					**3,993**
Share Buyback	(485)					**(485)**
Total comprehensive income for the period			2,352	8	3,350	**5,710**
Balance as at 30 November 2012	**86,405**	**4,147**	**7,506**	**(868)**	**112,230**	**209,420**
Issue of share capital	26,459					**26,459**
Dividends paid					(24,861)	**(24,861)**
Total comprehensive income/(loss) for the period			5,762	(25)	3,022	**8,759**
Balance as at 28 February 2013	**112,864**	**4,147**	**13,268**	**(893)**	**90,391**	**219,777**
Issue of share capital	102					**102**
Total comprehensive income for the period			4,354	197	3,596	**8,147**
Balance as at 31 May 2013	**112,966**	**4,147**	**17,622**	**(696)**	**93,987**	**228,026**

Company

	Share Capital	Fair Value Reserve	Retained Earnings	Total
	$ '000	$ '000	$ '000	$ '000
Balance as at 31 May 2013	**112,966**	**17,310**	**63,901**	**194,177**
Issue of share capital	3,959			**3,959**
Dividends paid			(11,330)	**(11,330)**
Total comprehensive income/(loss) for the period		(8,692)	60,488	**51,796**
Balance as at 31 August 2013	**116,925**	**8,618**	**113,059**	**238,602**
Issue of share capital	3,215			**3,215**
Total comprehensive income for the period		976	1,644	**2,620**
Balance as at 30 November 2013	**120,140**	**9,594**	**114,703**	**244,437**
Dividends paid			(11,513)	**(11,513)**
Total comprehensive income for the period		297	931	**1,228**
Balance as at 28 February 2014	**120,140**	**9,891**	**104,121**	**234,152**
Dividends paid			(13,544)	**(13,544)**
Total comprehensive income for the period		4,373	1,513	**5,886**
Balance as at 31 May 2014	**120,140**	**14,264**	**92,090**	**226,494**

	Share Capital	Fair Value Reserve	Retained Earnings	Total
	$ '000	$ '000	$ '000	$ '000
Balance as at 31 May 2012	**81,757**	**1,433**	**56,596**	**139,786**
Issue of share capital	8,608			**8,608**
Share Buyback	(7,468)			**(7,468)**
Total comprehensive income for the period		3,732	29,049	**32,781**
Balance as at 31 August 2012	**82,897**	**5,165**	**85,645**	**173,707**
Issue of share capital	3,993	-	-	**3,993**
Share buyback	(485)			**(485)**
Total comprehensive income for the period	**-**	2,489	1,051	**3,540**
Balance as at 30 November 2012	**86,405**	**7,654**	**86,696**	**180,755**
Issue of share capital	26,459			**26,459**
Dividends paid			(24,861)	**(24,861)**
Total comprehensive income for the period		5,118	497	**5,615**
Balance as at 28 February 2013	**112,864**	**12,772**	**62,332**	**187,968**
Issue of share capital	102			**102**
Total comprehensive income for the period		4,538	1,569	**6,107**
Balance as at 31 May 2013	**112,966**	**17,310**	**63,901**	**194,177**

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

There was no movement in the share capital during the third quarter ended 31 May 2014.

2,402,021 old warrants expired on 27 September 2013.

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

	31-05-2014	**31-05-2013**
Warrants – New	577,024,950	577,024,950

The new bonus warrants can only be exercised with effect from 25 July 2016 and will expire on 24 July 2017.

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 31-05-2014	As at 31-08-2013
Total number of issued shares	677,210,218	667,159,424
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	677,210,218	667,159,424

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 For the 9 months ended		Group For the 3 months ended	
	31-05-2014	31-05-2013	31-05-2014	31-05-2013
Earnings per share	1.60 cents	1.59 cents	0.63 cents	0.55 cents
Earnings per share on fully diluted basis	1.46 cents	1.58 cents	0.57 cents	0.54 cents

Earnings per share for the nine months ended 31 May 2014 and 31 May 2013 have been computed based on the weighted average number of shares in issue of 677,210,218 and 625,026,842 respectively.

The diluted earnings per share for the nine months ended 31 May 2014 and 31 May 2013 were computed considering the average number of shares that would have been issued at fair value if all the warrants were exercised at the exercise price of $0.40 and $0.32 respectively.

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 31-05-2014	Group 31-08-2013	Company 31-05-2014	Company 31-08-2013
Net asset value per share	37.97 cents	39.10 cents	33.45 cents	35.76 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 2014 refers to the financial period of nine months ended 31 May 2014. FP 2013 refers to nine months period ended 31 May 2013.

2. EBITDA is the operating earnings before interest expenses, tax, depreciation, divestment and revaluation gains/deficits and foreign exchange differences.

Overview

The group net profit after tax increased by $0.88 million from $9.97 million in FP 2013 to $10.85 million in FP 2014.

Revenue decreased by $2.01 million from $32.56 million in FP 2013 to $30.55 million in FP 2014.

EBITDA decreased by $0.37 million from $10.64 million in FP 2013 to $10.27 million in FP 2014.

Revenue

The group revenue decreased by $2.01 million or 6.18% from $32.56 million in FP 2013 to $30.55 million in FP 2014.

The contribution of the various business segments to revenue is illustrated below:

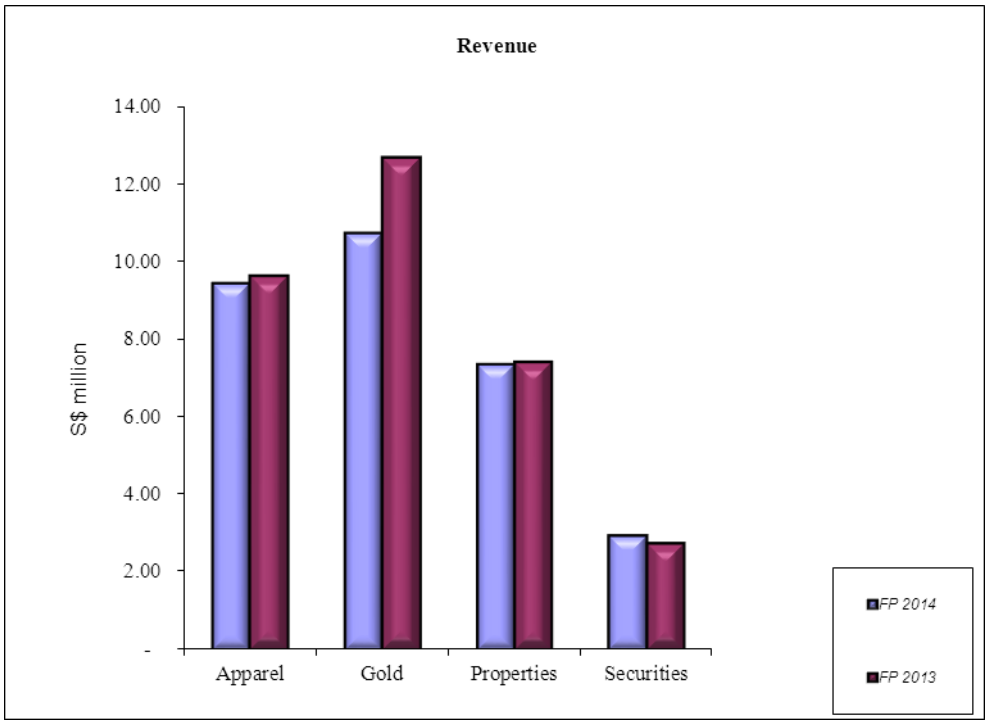
Revenue	FP 2014	FP 2013	Variance	
	$ million	$ million	$ million	%
Apparel	9.46	9.65	(0.19)	-1.97%
Gold	10.75	12.72	(1.97)	-15.49%
Properties	7.37	7.43	(0.06)	-0.81%
Securities	2.97	2.76	0.21	7.61%

The revenue from apparel business was $9.46 million in FP 2014 as compared to $9.65 million in FP 2013. Of the $9.46 million, Malaysian apparel business contributed $8.23 million.

Revenue from gold business decreased by $1.97 million from $12.72 million in FP 2013 to $10.75 million in FP 2014. In FP 2013, sales were higher in the third quarter due to widespread news by media that the gold prices have sunk to their lowest levels since the time they were at their peak. This resulted in increased demand and consequently higher sales during that period. (Infact, the revenue for May 2013 was higher than that of a festive month of Hari Raya which is usually when the sales are the highest)

Rental revenue from properties decreased mainly due to loss of rental income from six properties that were sold. However, this decrease was partially off-set by the rental income derived from the new property acquired in Malaysia. The net decrease in rental income was $0.06 million.

The securities business recorded an increase in revenue of $0.21 million from $2.76 million in FP 2013 to $2.97 million in FP 2014. The coupon payments and dividends received on the fixed income and equity securities purchased since FP 2013 contributed to this increase.



Profit

The group net profit after tax increased by $0.88 million from $9.97 million in FP 2013 to $10.85 million in FP 2014.

Different business segments contributed to the increase as illustrated below (the contributions are before interest, tax and unallocated expenses).

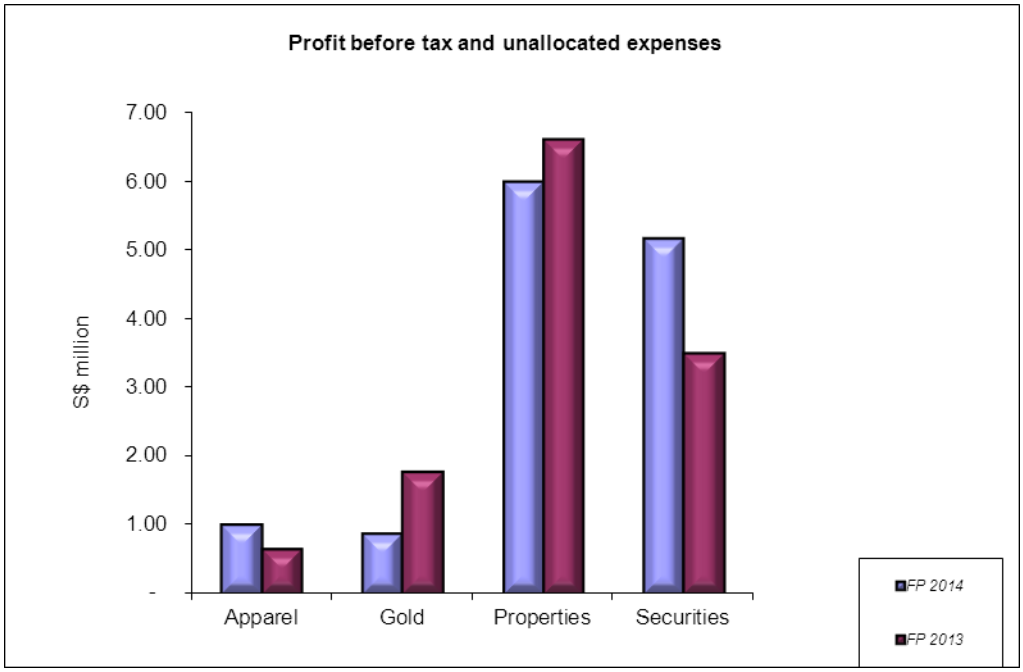
	FP 2014	FP 2013	Variance	
	$ million	$ million	$ million	%
Apparel	1.01	0.67	0.34	50.75%
Gold	0.88	1.78	(0.90)	-50.56%
Properties	5.99	6.61	(0.62)	-9.38%
Securities	5.17	3.51	1.66	47.29%

The profit from apparel business increased to $1.01 million in FP 2014. This was mainly because in FP 2013 expenses were higher in Malaysia on account of new shops opened there which resulted in lower profits whereas in FP 2014 a few shops were shut down resulting in reduced expenses.

The profit from gold business reduced by $0.90 million. In addition to the drop in volume of sales in FP 2014, the lower gross profit margin in FP 2014 also contributed to the decrease in profits.

Properties segment also saw a drop in profit by $0.62 million to $5.99 million in FP 2014 from $6.61 million in FP 2013. This was because a gain of $0.43 million was recorded as fair valuation gains on properties held for sale in FP 2013 whereas there was a profit of only $0.08 million on property sold in FP 2014. Apart from this, the expenses incurred on purchase of new property in Malaysia also contributed to decrease in profits from this segment.

Securities segment recorded a profit of $5.17 million in FP 2014, which was $1.66 million more than the profit of $3.51 million in FP 2013. As mentioned earlier, the coupon payments and dividends received on fixed income and equity securities purchased since FP 2013 mainly contributed to this increase. Also, there was an increase of $1.01 million in the unrealized gains on financial assets, held-for-trading in FP 2014 as compared to FP 2013.



There was a decrease in income tax expense in FP 2014 as compared to FP 2013. The Corporate Income Tax Rebate extended by IRAS resulted in lower income tax expense as an amount of $0.33 million was written back in FP 2014.

Interest expenses increased by $0.11 million from $0.30 million in FP 2013 to $0.41 million in FP 2014 on account of additional short term funds borrowed for acquisition of property in Malaysia and also purchase of fixed income securities.

EBITDA

EBITDA decreased by $0.37 million from $10.64 million in FP 2013 to $10.27 million in FP 2014. The details of EBITDA calculation is as below:

EBITDA*	**FP 2014**	**FP 2013**
	$ '000	$ '000
Net Profit	10,845	9,968
Add/(Less):		
Interest expenses	408	304
Taxes	1,012	1,435
Depreciation	307	242
Gain on fair valuation of financial assets, held-for-trading	(1,773)	(768)
Divestment gains of investment property	(81)	(430)
Exchange differences	(445)	(110)
	10,273	**10,641**

Cash Flow

The net cash flow from operations during FP 2014 was $6.42 million.

Proceeds from divestment of financial assets, held-for-trading amounted to $8.10 million and capital distribution from financial assets, available-for-sale generated $0.20 million. The Group realized an amount of $6.89 million from sale of investment properties and proceeds from bank borrowings amounted to $73.98 million. Shares issued pursuant to warrants conversion generated $3.21 million.

The Group subscribed to rights issue and also purchased equity shares totaling $12.23 million of which $10.42 million was classified as held-for-trading. In addition, fixed income securities worth $6.28 million were also purchased. Improvements made to existing investment properties totaled $0.01 million. A new property was acquired in Malaysia for $18.72 million. The above funds were also deployed to repay bank borrowings totaling to $39.18 million and purchase fixed assets totaling $0.09 million. An amount of $25.06 million was used to distribute dividends.

Cash and cash equivalents at the end of the period i.e. 31 May 2014 was $3.43 million. This was a decrease of $2.77 million from the $6.20 million at the beginning of the period i.e. 31 August 2013.

Financial Position as at 31 May 2014

Investment properties of the group totaled $201.25 million. In addition, $23.96 million worth of properties owned by the group was classified as Property, Plant and equipment because they were all self-occupied.

On 6 February 2014, the Group entered into an option agreement for disposal of investment properties having carrying value of $134.77 million. An announcement to that effect was made on the same day. Under Financial Reporting Standard 105 (FRS 105), "a re-classification of a non-current asset (or disposal group) as held for sale is required if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. However, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable." In respect of the option agreement signed by the Group, the terms of sale are not usual and customary for sale of such assets. Therefore, the said assets were not re-classified as held for sale.

As at 31 May 2014, financial assets, available-for-sale consisted of shares valued at $60.94 million and financial assets, held-for-trading consisted of fixed income securities and shares valued at $34.85 million. At end May 2014, there was appreciation in the market value as compared to end August 2013. The gain in fair value on financial assets, available-for-sale was $7.19 million which was taken directly to equity while the gain in fair value of financial assets, held-for-trading was taken to the income statement.

Inventories at end May 2014 totaled $19.60 million of which $11.36 million was gold stock.

Working capital

The Group had a negative working capital of $24.25 million as at 31 May 2014 as compared to a positive working capital of $5.75 million as at 31 August 2013. The main reason for this negative working capital was that the Group raised short term funds during FP 2014 for purchase of property in Malaysia and also for purchase of fixed income securities. The short-term bank facilities provide the benefit of lower interest rates, are rolled over on maturity and have the flexibility of repayment at any time.

Bank Borrowings

Long-term bank borrowings amounted to $5.97 million as at 31 May 2014. Total borrowings of the group were $85.75 million at end May 2014 while the borrowings totaled $51.26 million at end August 2013. The gearing ratio of the group increased to 0.32 as at 31 May 2014 from 0.17 as at 31 August 2013.

Share Capital

As at 31 May 2014, share capital stood at $120.14 million as compared to $116.93 million as at 31 August 2013**.** This increase was due to the issue of shares worth $3.21 million pursuant to exercise of warrants by shareholders. The number of shares in float as at 31 May was 677.21 million. Total shareholders' equity amounted to $257.13 million and NTA per share was 37.97 cents as at 31 May 2014.

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 global outlook for the next 12 months is uncertain. The advanced economies are gradually recovering while the emerging economies are slowing. However, the odds are against a sharp slowdown in the global economy. The Singapore economy is expected to grow by 2% to 4% in 2014.

Although profits have declined, we expect the gold business to remain profitable.

The apparel business is highly seasonal and most of its profit is derived during the two months before Hari Raya which will fall in the fourth quarter of the financial year 2014. We expect to do well.

Although retail rents remain stable, generally tenants are resisting rental increases.

Barring unforeseen circumstances, the Group will continue to be profitable.

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

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

Not applicable

(b)

(i) Amount per share - Not applicable

(ii) Previous corresponding period - 1.7 cents per share

(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 2014.

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 2014 to be false or misleading in any material aspect.

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

By order of the Board

Mohamed Salleh
s/o Kadir Mohideen Saibu Maricar
CEO
30 June 2014