LAFE CORPORATION LIMITED

Un-audited Q1 2015 Financial Statement and Dividend Announcement
(All in US Dollars)

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

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

	Quarter ended 31 March,		
	2015	**2014**	Increase/ (decrease)
	US$'000	US$'000	%
Revenue	**3,428**	**3,266**	**5**
Cost of sales	(2,404)	(2,846)	(16)
Gross profit	**1,024**	**420**	**144**
Other net (loss) / gain	(2,942)	355	n/m
Administrative costs	(3,027)	(2,647)	14
Finance costs	(162)	(260)	(38)
Loss before taxation	**(5,107)**	**(2,132)**	**140**
Taxation	(6)	(6)	-
Net loss for the period	**(5,113)**	**(2,138)**	**139**
Other comprehensive (loss) / income			
Item that is or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation	(10)	258	n/m
Other comprehensive (loss) / income for the period	**(10)**	**258**	**n/m**
Total comprehensive loss for the period	**(5,123)**	**(1,880)**	**173**

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the statement of profit or loss and other comprehensive income or in the notes to the statement of profit or loss and other comprehensive income for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	Quarter ended 31 March,		
	2015	**2014**	Increase/ (decrease)
	US$'000	US$'000	%
Depreciation of property, plant and equipment	(94)	(85)	11
Net foreign currency exchange (loss) / gain	(3,064)	126	n/m
Loss on disposal of property, plant and equipment	(3)	-	n/m
Interest income	122	227	(46)
Interest on bank and other borrowings	(144)	(241)	(40)

n/m – not meaningful

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	
	As at 31/03/2015	As at 31/12/2014	As at 31/03/2015	As at 31/12/2014
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	5,650	5,964	-	-
Investments in subsidiaries	-	-	64,872	64,872
Available-for-sale investment	-	-	-	-
Trademark	10,316	10,314	-	-
Goodwill	520	520	-	-
	16,486	**16,798**	**64,872**	**64,872**
Current assets				
Investment property	76,675	79,856	-	-
Trade and other receivables	30,791	35,518	12	12
Other current assets	631	580	24	14
Non-trade receivables from subsidiaries	-	-	73,174	73,218
Cash and cash equivalents	1,801	4,369	6	7
	109,898	**120,323**	**73,216**	**73,251**
Current liabilities				
Trade and other payables	3,900	4,078	273	253
Non-trade payable to a related company	-	2,258	-	-
Short-term bank loans	18,407	21,442	-	-
Tax payable	23	17	-	-
	22,330	**27,795**	**273**	**253**
Net current assets	**87,568**	**92,528**	**72,943**	**72,998**
Total assets less current liabilities	**104,054**	**109,326**	**137,815**	**137,870**
Non-current liabilities				
Long-term bank loans	2,200	2,341	-	-
Provision for staff benefits	299	299	-	-
Deferred tax liabilities	2,106	2,114	-	-
	4,605	**4,754**	**-**	**-**
NET ASSETS	**99,449**	**104,572**	**137,815**	**137,870**

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. - *continued*

	Group		Company	
	As at 31/03/2015	**As at 31/12/2014**	**As at 31/03/2015**	**As at 31/12/2014**
	US$'000	US$'000	US$'000	US$'000
CAPITAL AND RESERVES				
Share capital	46,667	46,667	46,667	46,667
Reserves	52,782	57,905	91,148	91,203
	99,449	**104,572**	**137,815**	**137,870**

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31 March 2015	
Secured	Unsecured
US$'000	US$'000
18,407	NIL

As at 31 December 2014	
Secured	Unsecured
US$'000	US$'000
21,442	2,258

Amount repayable after one year

As at 31 March 2015	
Secured	Unsecured
US$'000	US$'000
2,200	NIL

As at 31 December 2014	
Secured	Unsecured
US$'000	US$'000
2,341	NIL

Details of any collateral

The Group's secured borrowings are bank loans secured by the investment property and land and buildings of the Group.

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.

	Quarter ended 31 March,	
	2015	**2014**
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(5,107)**	**(2,132)**
Adjustments for :		
Depreciation of property, plant and equipment	94	85
Loss on disposal of property, plant and equipment	3	-
Interest expenses	144	241
Interest income	(122)	(227)
Operating cash flow before working capital changes	**(4,988)**	**(2,033)**
Changes in working capital		
Trade and other receivables and other current assets	4,676	4,476
Non-trade payable to a related company	(2,258)	-
Trade and other payables	(178)	(390)
Currency translation adjustments	2,431	(490)
Cash (used in) / generated from operations	**(317)**	**1,563**
Interest paid	(144)	(241)
Interest received	122	227
Net cash (used in) / generated from operating activities	**(339)**	**1,549**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(52)
Net proceeds from disposal of investment property	-	6,161
Proceeds from disposal of property, plant and equipment	5	-
Net cash generated from investing activities	**5**	**6,109**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	(2,228)	(6,827)
Net cash used in financing activities	**(2,228)**	**(6,827)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(2,562)**	**831**
Cash and cash equivalents at beginning of period	4,369	1,981
Effects of exchange rate changes on cash and cash equivalents	(6)	4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,801**	**2,816**

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP

	Share capital	Share premium	Capital reserve	Revaluation reserve	Exchange reserve	Accumulated profits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2014	46,667	27,209	24	535	7,418	73,298	155,151
Total comprehensive income / (loss)	-	-	-	-	258	(2,138)	(1,880)
Balance at 31 March 2014	**46,667**	**27,209**	**24**	**535**	**7,676**	**71,160**	**153,271**
Balance at 1 January 2015	46,667	27,209	24	1,532	7,516	21,624	104,572
Total comprehensive loss	-	-	-	-	(10)	(5,113)	(5,123)
Balance at 31 March 2015	**46,667**	**27,209**	**24**	**1,532**	**7,506**	**16,511**	**99,449**

COMPANY

	Share capital	Share premium	Accumulated profits	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2014	46,667	27,209	64,422	138,298
Total comprehensive loss	-	-	(92)	(92)
Balance at 31 March 2014	**46,667**	**27,209**	**64,330**	**138,206**
Balance at 1 January 2015	46,667	27,209	63,994	137,870
Total comprehensive loss	-	-	(55)	(55)
Balance at 31 March 2015	**46,667**	**27,209**	**63,939**	**137,815**

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 share 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 may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

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.

The total number of issued shares excluding treasury shares as at both 31 March 2015 and 31 December 2014 was 1,166,666,667.

The Company did not have any treasury shares as at 31 March 2015 and 31 December 2014.

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation, and/or use of treasury shares 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.

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

3 Where the figure have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation have been applied in the financial statements for the current financial period as in the Company's audited financial statements for the year ended 31 December 2014.

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.

No change.

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:-

	3 months ended 31 March,	
	2015	**2014**
Loss per ordinary share for the period based on net loss attributable to shareholders: -		
(i) Based on the weighted average number of ordinary shares in issue	(US 0.44 cents)	(US 0.18 cents)
(ii) On a fully diluted basis	(US 0.44 cents)	(US 0.18 cents)

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year:-

	Group		Company	
	31/03/2015	**31/12/2014**	**31/03/2015**	**31/12/2014**
Net asset value per ordinary share	US 8.5 cents	US 9.0 cents	US 11.8 cents	US 11.8 cents

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue increased by US$0.1 million from US$3.3 million for Q1 2014 to US$3.4 million for Q1 2015. The increase was mainly attributable to the increase in rental income and the revenue generated from the close protection service.

Cost of sales decreased by US$0.4 million from US$2.8 million for Q1 2014 to US$2.4 million for Q1 2015. The decrease was mainly attributable to the lower contracted manpower costs in the Vigers operations.

The Group recorded a gross profit of US$1.0 million for Q1 2015 as compared to US$0.4 million for Q1 2014, an increase of US$0.6 million as explained in the preceding paragraphs.

The Group had other net loss of US$2.9 million for Q1 2015 as compared to US$0.4 million gain for Q1 2014, an increased loss of US$3.3 million. In Q1 2015, the other net loss comprised mainly the net foreign currency exchange loss of US$3.1 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.2 million. In Q1 2014, the other net gain comprised mainly the net foreign currency exchange gain of US$0.1 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.2 million.

Administrative costs increased by US$0.4 million from US$2.6 million for Q1 2014 to US$3.0 million for Q1 2015. The increase was mainly attributable to the further improvement works performed on the investment property (Residences at Emerald Hill, Singapore) and general adjustment of staff costs.

Finance costs decreased by US$0.1 million from US$0.3 million for Q1 2014 to US$0.2 million for Q1 2015. The decrease was mainly attributable to the decrease in the loan interest for the investment property (Residences at Emerald Hill, Singapore).

As a result of the above, the Group's net loss for Q1 2015 was US$5.1 million, as compared to US$2.1 million for Q1 2014, an increased loss of US$3.0 million, as explained in the preceding paragraphs.

Other comprehensive loss of US$0.01 million was recognised in Q1 2015 on currency translation differences arising on consolidation of foreign subsidiaries compared to a gain of US$0.3 million in Q1 2014.

As a result of the above, the Group's total comprehensive loss for Q1 2015 was US$5.1 million as compared to US$1.9 million for Q1 2014.

Statement of Financial Position

Property, plant and equipment decreased by US$0.3 million from US$6.0 million as at 31 December 2014 to US$5.7 million as at 31 March 2015. The decrease was mainly due to the translation adjustment of US$0.2 million arising from translating a property denominated in foreign currency and the depreciation charged to profit or loss of US$0.1 million during the current financial period.

Investment property decreased by US$3.2 million from US$79.9 million as at 31 December 2014 to US$76.7 million as at 31 March 2015. The decrease was attributable to the translation adjustment arising from translating the investment property denominated in foreign currency.

Trade and other receivables decreased by US$4.7 million from US$35.5 million as at 31 December 2014 to US$30.8 million as at 31 March 2015. The decrease was mainly due to the partial settlement of receivables during the current financial period. The trade and other receivables as at 31 March 2015 comprised the present value of those receivables calculated by discounting the future cash receipts by the imputed interest rate of 2.5% per annum which remains unchanged from 2014.

Trade and other payables decreased by US$0.2 million from US$4.1 million as at 31 December 2014 to US$3.9 million as at 31 March 2015. The decrease was mainly due to the decrease in administrative costs payable.

Non-trade payable to a related company decreased by US$2.3 million as at 31 December 2014 to nil as at 31 March 2015. The short-term borrowing was obtained from an interested party for general working capital purposes and was unsecured and bearing interest at 5.25% per annum. The amount was repaid in January 2015.

Bank loans under “Current liabilities” and “Non-current liabilities” decreased in total by US$3.2 million from US$23.8 million as at 31 December 2014 to US$20.6 million as at 31 March 2015. The decrease was mainly due to the partial repayments during the current financial period. The bank loans on the investment property amounting to US$18.2 million are repayable by instalments up to 8 June 2015.

The movement in cash and cash equivalents from US$4.4 million as at 31 December 2014 to US$1.8 million as at 31 March 2015, a decrease of US$2.6 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During Q1 2015, the Group’s net cash used in operating activities was US$0.3 million as compared to net cash generated from operating activities of US$1.5 million in Q1 2014. The cash movement in Q1 2015 was mainly attributable to the partial settlement of trade receivables and repayment of the short-term borrowing to the interested party as mentioned in the statement of financial position above and the currency translation adjustments arising from translating assets and liabilities denominated in foreign currency. The net cash used in financing activities in Q1 2015 of US$2.2 million was attributable to the partial bank loan repayments.

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

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Significant resources and efforts have been allocated to market and promote the Residences at Emerald Hill in both the local and overseas premium markets. The potential sales going forward would be subject to the Government policy on the domestic property market.

The Group will continue to look for acquisition opportunities for future development and investment.

The Vigers Group which provides property agency, appraisal and consultancy services, continues to make a positive contribution to the Group's operating results. In view of the economic growth in the PRC and Macau, the Vigers Group has been actively cultivating its business in these territories in order to expand its service income. The Group has also continued to develop into close protection service which the Board considers promising given the Group's long establishment in the security service sector.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend declared / recommended.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15 A breakdown of sales:-

Not applicable.

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-

Not applicable.

17 Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate

The Group has not obtained a general mandate from the shareholders for the interested person transactions as the value of the transactions falls below the required 5% of the Group's latest audited net tangible assets. The aggregate value of all interested person transactions during Q1 2015, which fall under the listing manual, were as follows:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
	US$'000	
Associates of Mr. Christopher Ho Wing-On	871	-

18. Negative assurance on interim financial statements

The directors have confirmed, in a written statement, that to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading in any material effect.