ASPIAL

Corporation Ltd

Company Registration No: 197001030G

(Incorporated in Singapore)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 30 June 2017 ("1H 2017")

	Group		
	1H 2017 S$'000	1H 2016 S$'000	Change %
Revenue	**245,525**	**273,928**	**-10%**
Materials and subcontract costs	(173,035)	(208,568)	**-17%**
Employee benefits	(24,085)	(20,560)	**17%**
Depreciation and amortisation	(2,486)	(2,288)	**9%**
Finance costs	(11,637)	(17,087)	**-32%**
Other operating expenses	(38,600)	(38,841)	**-1%**
Interest income	4,589	6,201	**-26%**
Rental income	1,328	1,107	**20%**
Other income	4,687	1,792	**162%**
Share of results of associates and a joint venture	1,375	2,761	**-50%**
Profit/(Loss) before tax	**7,661**	**(1,555)**	**n.m**
Taxation	(6,062)	(610)	**n.m**
Profit/(Loss) for the period	**1,599**	**(2,165)**	**n.m**
Other comprehensive income			
Net fair value changes of available-for-sale financial assets	5,956	(592)	**n.m**
Foreign currency translation	2,635	(4,025)	**n.m**
Share of other comprehensive income of a joint venture	(460)	(7,191)	**-94%**
Other comprehensive income for the period, net of tax	**8,131**	**(11,808)**	**n.m**
Total comprehensive income for the period	**9,730**	**(13,973)**	**n.m**
Profit/(loss) attributable to:			
Owners of the Company	(205)	(3,335)	**-94%**
Non-controlling interests	1,804	1,170	**54%**
	1,599	**(2,165)**	**n.m**
Total comprehensive income attributable to:			
Owners of the Company	7,519	(14,654)	**n.m**
Non-controlling interests	2,211	681	**225%**
	9,730	**(13,973)**	**n.m**
Earnings per ordinary share (cents)			
-Basic	**(0.01)**	**(0.18)**	**-94%**
-Diluted	**(0.01)**	**(0.18)**	**-94%**

Other information :-

	Group		
	1H 2017 S$'000	1H 2016 S$'000	Change %
Amortisation of intangible assets and prepaid rent	280	283	-1%
Depreciation of property, plant and equipment	2,207	2,005	10%
Net foreign exchange (gain)/loss	(3,463)	(123)	n.m
Manufacturing and melting loss	265	387	-32%
Impairment loss on investment securities	1,203	1,500	-20%
Impairment loss on interest receivables	-	19	n.m
Property, plant and equipment written off	435	477	-9%

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 2017 to 30 June 2017 ("2Q 2017")

	Group		
	2Q 2017 S$'000	2Q 2016 S$'000	Change %
Revenue	**104,643**	**148,358**	**-29%**
Materials and subcontract costs	(71,050)	(115,174)	**-38%**
Employee benefits	(12,274)	(10,615)	**16%**
Depreciation and amortisation	(1,261)	(1,179)	**7%**
Finance costs	(5,826)	(9,921)	**-41%**
Other operating expenses	(20,715)	(21,448)	**-3%**
Interest income	2,368	4,145	**-43%**
Rental income	637	591	**8%**
Other income	47	(2,393)	n.m
Share of results of associates and a joint venture	516	1,028	**-50%**
Loss before tax	**(2,915)**	**(6,608)**	**-56%**
Taxation	(3,422)	385	n.m
Loss for the period	**(6,337)**	**(6,223)**	**2%**
Other comprehensive income			
Net fair value change of available-for-sale financial assets	1,841	(47)	n.m
Foreign exchange translation	(1,437)	(4,330)	n.m
Share of other comprehensive income of a joint venture	1,255	(3,350)	n.m
Other comprehensive income for the period, net of tax	**1,659**	**(7,727)**	n.m
Total comprehensive income for the period	**(4,678)**	**(13,950)**	**-66%**
Loss attributable to:			
Owners of the Company	(6,547)	(6,339)	**3%**
Non-controlling interests	210	116	**81%**
	(6,337)	**(6,223)**	**2%**
Total comprehensive income attributable to:			
Owners of the Company	(4,665)	(13,561)	**-66%**
Non-controlling interests	(13)	(389)	**-97%**
	(4,678)	**(13,950)**	**-66%**

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 decrease in materials and subcontract costs in 1H 2017 and 2Q 2017 was in line with the lower revenue for the real estate and jewellery business.

1d. The increase in employee benefits expenses for 1H 2017 and 2Q 2017 was mainly due to increase in number of employees, increase in staff costs and performance bonus for the financial service and the real estate businesses.

1e. The decrease in finance cost for 1H 2017 and 2Q 2017 was mainly attributable to lower interest-bearing loans and borrowings as compared to the corresponding periods in 2016 and higher interest capitalised under development properties for overseas real estate business.

1f. Lower other operating expenses in 1H 2017 and 2Q 2017 were due mainly to decrease in sales and marketing expenses for the jewellery and the real estate businesses, partially offset by higher sales & marketing expenses for the financial service business and listing expenses for the overseas real estate business.

1g. Higher other income in 1H 2017 and 2Q 2017 was mainly contributed by the net foreign exchange gain.

1h. The decrease in share of results of associates and a joint venture in 1H 2017 and 2Q 2017 was due to share of lower profit from the associates of real estate business and joint venture.

1i. Higher effective tax rate in 1H 2017 and 2Q 2017 was mainly due to reversal of previous years' provision for doubtful debts for the jewellery business and the Group did not recognize deferred tax assets for unabsorbed tax losses of certain subsidiaries for its real estate business.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Jun-17 S$'000	31-Dec-16 S$'000	30-Jun-17 S$'000	31-Dec-16 S$'000
Non-current assets				
Property, plant and equipment	46,700	42,304	721	880
Intangible assets	6,808	6,964	35	35
Investment properties	47,690	45,700	-	-
Investment in subsidiaries	-	-	199,382	180,013
Investment in associates	17,856	18,033	-	-
Investment in joint ventures	13,184	12,092	5,025	5,025
Investment securities	1,365	1,365	-	-
Trade and other receivables	14,396	5,328	-	6
Deferred tax assets	9,054	9,587	-	-
	157,053	**141,373**	**205,163**	**185,959**
Current assets				
Inventories	133,075	141,517	-	-
Development properties	780,535	798,011	-	-
Properties held for sale	19,396	16,944	-	-
Trade and other receivables	393,446	298,877	8,263	322
Prepaid rent	17	42	-	-
Prepayments	12,265	9,496	902	1,211
Due from subsidiaries (non-trade)	-	-	324,851	370,488
Due from a joint venture (non-trade)	84,206	82,897	84,206	82,897
Due from associates (non-trade)	2,850	6,350	-	-
Investment securities	166,955	155,985	-	-
Cash and bank balances	69,856	70,284	428	751
	1,662,601	**1,580,403**	**418,650**	**455,669**
Total assets	**1,819,654**	**1,721,776**	**623,813**	**641,628**
Current liabilities				
Trade and other payables	60,111	59,213	2,277	3,934
Due to subsidiaries (non-trade)	-	-	137,608	97,338
Due to an associate (non-trade)	5,260	5,260	-	-
Provision for taxation	12,375	17,539	145	77
Term notes and bonds	-	55,750	-	55,750
Interest-bearing loans and borrowings	436,797	447,748	-	-
	514,543	**585,510**	**140,030**	**157,099**
Net current assets	**1,148,058**	**994,893**	**278,620**	**298,570**
Non-current liabilities				
Interest bearing loans and borrowings	265,820	175,612	-	-
Term notes and bonds	624,000	574,000	230,000	230,000
Other payables	2,118	1,696	-	-
Deferred tax liabilities	10,459	8,088	82	109
	902,397	**759,396**	**230,082**	**230,109**
Total liabilities	**1,416,940**	**1,344,906**	**370,112**	**387,208**
Net assets	**402,714**	**376,870**	**253,701**	**254,420**
Equity attributable to shareholders of the Company				
Share capital	226,930	226,152	226,930	226,152
Treasury shares	(2,589)	(2,589)	(2,589)	(2,589)
Other reserves	9,508	(5,329)	1,413	1,413
Revenue reserves	88,742	93,755	27,947	29,444
	322,591	**311,989**	**253,701**	**254,420**
Non-controlling interests	80,123	64,881	-	-
Total equity	**402,714**	**376,870**	**253,701**	**254,420**
Net asset value per ordinary share (in cents)	**16.66**	**16.14**	**13.10**	**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$402.7 million as at 30 June 2017. The increase was mainly contributed by the increase in other reserves, non-controlling interest and share capital. The increase in share capital was due to ordinary shares issued under the scrip dividend scheme. The increase in other reserves was mainly due to premium on dilution of interest in the real estate business, changes in fair value of available-for-sale financial assets and foreign currency translation.

The Group's total assets of S$1,819.7 million as at 30 June 2017 was S$97.9 million higher than that as at 31 December 2016. The increase was mainly due to the increase in trade and other receivables, investment securities, property, plant and equipment, prepayments, properties held for sale, investment properties and amount due from a joint venture, partially offset by decrease in development properties, inventories and amount due from associates. The increase in trade and other receivables and decrease in development properties was mainly attributable to reclassification of development properties to trade receivables as the Group had obtained Temporary Occupation Permit ("TOP") for its Waterfront@Faber project in 2Q 2017. The increase in property, plant and equipment was mainly due to purchase of a property for the financial service business.

The Group's total liabilities of S$1,416.9 million as at 30 June 2017 was S$72.0 million higher than that as at 31 December 2016. The increase was largely due to the issuance of term note by its subsidiary, Maxi-Cash Financial Services Corporation Ltd. ("MCFS") in April 2017 and increase of interest bearing loans and borrowings. The increase was partially offset by redemption of all its outstanding S$55.75 million term notes due in January 2017 and decrease in provision for taxation.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	2Q 2017 S$'000	2Q 2016 S$'000	1H 2017 S$'000	1H 2016 S$'000
Operating activities				
(Loss)/Profit before taxation	(2,915)	(6,608)	7,661	(1,555)
Adjustments for:				
Property, plant and equipment written off	332	389	435	477
Depreciation of property, plant and equipment	1,123	1,040	2,207	2,005
Gain on disposal of property, plant and equipment	-	(3)	-	(4)
Impairment loss on amount due from associate	580	-	580	-
Impairment loss on interest receivables	-	19	-	19
Impairment loss on investment securities	840	1,500	1,203	1,500
(Gain)/Loss on disposal of investment securities	(386)	29	(235)	50
Loss on disposal of a joint venture	-	211	-	211
Write down of inventories	(109)	137	80	137
Interest expense	5,826	9,921	11,637	17,087
Interest income	(2,368)	(4,145)	(4,589)	(6,201)
Amortisation of prepaid rent	12	12	25	28
Amortisation of intangible assets	127	127	255	255
Amortisation of prepaid commitment fees	663	708	1,279	1,130
Listing expenses of a subsidiary	1,172	158	1,666	606
Share of results of associates and a joint venture	(516)	(1,028)	(1,375)	(2,761)
Unrealised foreign exchange differences	1,070	2,855	(3,063)	167
Operating profit before changes in working capital	**5,451**	**5,322**	**17,766**	**13,151**
Decrease/(increase) in:				
Inventories	4,767	(4,882)	8,766	(10,310)
Development properties	75,587	88,401	46,352	102,283
Properties held for sale	(4,576)	(4,793)	(4,439)	(4,933)
Trade and other receivables	(115,698)	(58,125)	(101,160)	(66,764)
Prepayments	217	737	(3,052)	1,531
Increase/(decrease) in:				
Trade and other payables	2,956	1,131	882	17,623
Net cash flows (used in)/generated from operations	**(31,296)**	**27,791**	**(34,885)**	**52,581**
Interest paid	(19,210)	(12,864)	(33,544)	(23,918)
Income taxes paid	(9,630)	(392)	(10,707)	(505)
Net cash flows (used in)/generated from operating activities	**(60,136)**	**14,535**	**(79,136)**	**28,158**
Investing activities				
Purchase of property, plant and equipment	(5,818)	(2,540)	(6,958)	(9,070)
Proceeds from sale of property, plant and equipment	4	4	4	103
Interest received	1,920	4,145	2,406	6,201
Purchase of investment securities	(89,679)	(234,095)	(96,803)	(253,723)
Proceeds from disposal of investment securities	72,646	39,262	91,923	40,251
Acquisition of non-controlling interests in a listed subsidiary	(4,506)	-	(4,506)	(17)
Net cash outflow on acquisition of a subsidiary	(367)	-	(367)	-
Due from associates (non-trade), net	120	-	2,920	-
Due from a joint venture (non-trade), net	52	(1,195)	(1,309)	(4,649)
Net cash flows used in investing activities	**(25,628)**	**(194,419)**	**(12,690)**	**(220,904)**
Financing activities				
Dividends paid to shareholders of the Company	(4,030)	(8,636)	(4,030)	(8,636)
Dividends paid to non-controlling interests of subsidiaries	(791)	(332)	(791)	(332)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interest	408	-	408	-
Proceeds from issuance of term notes and bonds	50,000	200,000	50,000	200,000
Repayment of term notes	-	-	(55,750)	-
Proceeds from term loans	5,809	3,830	236,688	37,241
Repayment of term loans	(1,210)	(86,529)	(164,892)	(126,916)
(Repayment)/Proceeds from short term bank borrowings, net	(13,402)	34,994	7,283	66,233
Proceeds from initial public offering of a subsidiary	25,033	-	25,033	-
Proceeds from finance lease obligations	68	146	68	146
Repayment of finance lease obligations	(19)	(4)	(31)	(4)
Term notes and bonds commitment fee paid	(631)	(4,571)	(631)	(4,571)
Listing expenses paid by a subsidiary	(1,433)	(186)	(2,014)	(713)
Net cash flows generated from financing activities	**59,802**	**138,712**	**91,341**	**162,448**
Net decrease in cash and cash equivalents	(25,962)	(41,172)	(485)	(30,298)
Cash and cash equivalents at beginning of period	95,615	144,318	70,284	132,995
Effects of exchange rate changes on cash and cash equivalents	203	(624)	57	(175)
Cash and cash equivalents at end of period	**69,856**	**102,522**	**69,856**	**102,522**

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 2017 S$'000	1H 2016 S$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	18,721	31,000
Cash at bank	51,135	71,522
Cash and cash equivalents	**69,856**	**102,522**

3a. - Cashflow Analysis

2Q 2017

Net cash used in operating activities for 2Q 2017 was S$60.1 million compared to net cash generated from operating activities of S$14.5 million for 2Q 2016. This net cash used in 2Q 2017 was mainly attributable to increase in trade and other receivables and properties held for sale, partially offset by decrease in development properties and inventories. The increase in trade and other receivables and decrease in development properties was mainly due to reclassification of development properties to trade receivables as the Group had obtained TOP for its Waterfront@Faber project in 2Q 2017.

Net cash used in investing activities of S$25.6 million in 2Q 2017 was largely attributable to increase in purchase of investment securities (net), property, plant and equipment and acquisition of non-controlling interest in a listed subsidiary.

Net cash generated from financing activities was S$59.8 million in 2Q 2017 as compared to S$138.7 million in 2Q 2016. This comprised principally the issuance of term note by its subsidiary, MCFS in April 2017, proceeds from initial public offering of the overseas real estate business, partially offset by repayment of short term bank borrowings (net) and payments of dividend.

1H 2017

Net cash used in operating activities for 1H 2017 was S$79.1 million compared to net cash generated from operating activities S$28.2 million for the corresponding first half in the previous year. This was mainly attributable to increase in trade and other receivables, properties held for sale and prepayments, partially offset by decrease in development properties and inventories. The increase in trade and other receivables and decrease in development properties was mainly due to reclassification of development properties to trade receivables as the Group had obtained TOP for its Waterfront@Faber project in 2Q 2017. The increase in prepayments was mainly contributed by deposit paid for the purchase of a property.

Net cash used in investing activities of S$12.7 million in 1H 2017 was largely attributable to increase in purchase of investment securities (net), property, plant and equipment and acquisition of non-controlling interests in a listed subsidiary, partially offset by decrease in amount due from associates.

Net cash generated from financing activities was S$91.3 million in 1H 2017 as compared to S$162.4 million in 1H 2016. This comprised principally the issuance of term note by its subsidiary, MCFS in April 2017, increase in term loan and short term bank borrowings (net) and proceeds from the initial public offering of the overseas real estate business, partially offset by redemption of all its outstanding S$55.75 million term notes due in January 2017 and payments of dividend.

As a result, cash and cash equivalent balances decreased to S$69.9 million as at 30 June 2017 from S$102.5 million as at 30 June 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	-	-	(205)	-	1,804	**1,599**
Other comprehensive income for the period						
Net gain on fair value changes of available-for-sale financial assets	-	-	-	5,956	-	**5,956**
Foreign currency translation	-	-	-	2,228	407	**2,635**
Share of other comprehensive income of a joint venture	-	-	-	(460)	-	**(460)**
Other comprehensive income, net of tax	-	-	-	7,724	407	**8,131**
Contributions by and distributions to owner						
Dividends on ordinary shares- cash and scrip dividends	-	-	(4,833)	-	(791)	**(5,624)**
Ordinary shares issued under scrip dividend	778	-	-	-	-	**778**
Total contributions by and distributions to owners	778	-	(4,833)	-	(791)	**(4,846)**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests in a listed subsidiary without a change in control	-	-	-	-	(4,506)	**(4,506)**
Premium on dilution of interest in subsidiary	-	-	-	7,113	17,920	**25,033**
Ordinary shares issued under scrip dividend scheme by a subsidiary	-	-	25	-	-	**25**
Capital contribution from non-controlling interests	-	-	-	-	408	**408**
Total changes in ownership interests in subsidiaries	-	-	25	7,113	13,822	**20,960**
Balance as at 30 June 2017	**226,930**	**(2,589)**	**88,742**	**9,508**	**80,123**	**402,714**
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 owners						
Dividends on ordinary shares- Cash and scrip dividends	-	-	(18,917)	-	(347)	**(19,264)**
Ordinary shares issued under scrip dividend	10,280	-	-	-	-	**10,280**
Total contributions by and distributions to owners	10,280	-	(18,917)	-	(347)	**(8,984)**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests in a subsidiary	-	-	-	(11)	(6)	**(17)**
Ordinary shares issued under scrip dividend scheme by a subsidiary	-	-	16	-	-	**16**
Total changes in ownership interests in subsidiaries	-	-	16	(11)	(6)	**(1)**
Balance as at 30 June 2016	**226,152**	**(2,796)**	**89,328**	**(8,770)**	**49,423**	**353,337**

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 2017	**226,152**	**(2,589)**	**29,444**	**1,413**	**-**	**254,420**
Profit for the period	-	-	3,336	-	-	**3,336**
<u>Contributions by and distributions to owner</u>						
Dividends on ordinary shares- *cash and scrip dividends*	-	-	(4,833)	-	-	**(4,833)**
Ordinary shares issued under scrip dividend	778	-	-	-	-	**778**
Total contributions by and distributions to owners	778	-	(4,833)	-	-	**(4,055)**
Balance as at 30 June 2017	**226,930**	**(2,589)**	**27,947**	**1,413**	**-**	**253,701**
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 dividend	-	-	(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**

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
Ordinary shares issued under Scrip Dividend Scheme (Note 1)	2,993	778
Balance at 30 June 2017	**1,936,491**	**224,341**

Note 1 - On 23 June 2017 , the Company issued 2,992,591 new shares at an issue price of S$0.26 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

6. CHANGES IN TREASURY SHARES

There were no (30 June 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, 31 March and 30 June 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 30-June-17		As at 31-Dec-16	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
436,797	-	447,748	55,750

Amount repayable after one year

As at 30-June-17		As at 31-Dec-16	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
265,820	624,000	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 second quarter results announcement for the current financial period ended 30 June 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 second quarter announcement for the current financial period ended 30 June 2017.

11. EARNINGS PER SHARE

	Group			
	2Q 30-Jun-17 cents	2Q 30-Jun-16 cents	1H 30-Jun-17 cents	1H 30-Jun-16 cents
i) Basic earnings per share	(0.34)	(0.33)	(0.01)	(0.18)
ii) Diluted earnings per share	(0.34)	(0.33)	(0.01)	(0.18)
-Weighted average number of shares (excluding treasury shares) ('000)	1,933,630	1,894,790	1,933,565	1,893,209

12. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
Net asset value per ordinary share (in cents)	16.66	16.14	13.10	13.16
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,936,491	1,933,499	1,936,491	1,933,499

13. VARIANCE FROM FORECAST STATEMENT

No forecast for the period ended 30 June 2017 was previously provided.

14. REVIEW OF CORPORATE PERFORMANCE

Group revenue of S$245.5 million for 1H 2017 was S$28.4 million or 10.4% below that of the corresponding period in 2016. The lower revenue was mainly due to lesser development projects in 2017 and lower sales from the Jewellery Business. The Financial Service Business however continued to record higher revenue.

For 2Q 2017, Group revenue was down S$43.7 million or 29.5% to S$104.6 million from that of the corresponding period in 2016.

Revenue from the Real Estate Business declined by 29.0% from S$137.1 million in 1H 2016 to S$97.4 million in 1H 2017. The revenue for 1H 2017 was mainly contributed by the progress recognition of sales from CityGate and final recognition of sales from Waterfront@Faber as compared to 1H 2016 where there were higher revenue contributions from The Hillford, Waterfront@Faber, Urban Vista and CityGate. Although the Group has made good progress in the sales and construction of its overseas projects, unlike in Singapore, it cannot progressively recognise the revenue as the completed contract method in accounting is adopted for these projects.

Revenue from the Financial Service Business rose 22.4% to S$93.4 million in 1H 2017. The increase was due to higher interest income and sales from the retailing and trading of jewellery and watches.

The ongoing consolidation of retail network and weak consumer sentiment continued to affect the Jewellery Business. For 1H 2017, revenue from the Jewellery Business decreased by S$8.0 million from S$66.4 million to S$58.4 million.

At the pre-tax level, Group profit was up by S$9.2 million to S$7.7 million for 1H 2017.

For 1H 2017, the Real Estate Business recorded a pre-tax profit of S$6.2 million as compared to pre-tax loss of S$2.4 million for 1H 2016. This higher pre-tax profit was mainly due to higher profit from City Gate and foreign exchange gain, partially offset by listing expenses in relation to the initial public offering of the Group's overseas real estate business.

The Financial Service Business posted a flat pre-tax profit of S$6.0 million for 1H 2017 as the higher revenue and gross profit was fully offset by the increase in operating expenses such as staff cost, rental and marketing expense. The higher rental was mainly due to the opening of 3 new shops and enlargement of 3 existing shops in 1H 2017. Excluding the additional marketing expense of $1.2 million, profit before tax would be $7.2 million in 1H 2017.

The Jewellery Business registered an increase in pre-tax loss to S$3.5 million in 1H 2017. The higher loss was mainly due to lower revenue. Operating expense had decreased mainly due to the on-going rationalization of retail network.

The Group had taken into account the following costs amounting to S$3.9 million for 1H 2017:

1. Sales and marketing expenditure of S$1.0 million for the marketing of the remaining units of Australia 108 and Avant projects in Melbourne and Phase 1 of Nova City in Cairns,
2. One-off IPO expenses of S$1.7 million for the overseas real estate business, and
3. One-off impairment of S$1.2 million for its investment securities

Excluding the above costs, Group pre-tax profit would have been S$11.6 million in 1H 2017.

15. BUSINESS OUTLOOK

Real Estate Business

The Group continues to record sales for its CityGate project in Singapore and Australia 108 and Avant project in Melborune, Australia. Moving forward, the Group will continue to focus on selling the remaining units in these projects. 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					
CityGate*	Residential	311	3Q 2014	311	100%
CityGate*	Commercial	188	3Q 2014	188	67%
In Australia					
Australia 108 (Melbourne)	Residential & Commercial	1,103	4Q 2014	1,103	98%
Avant (Melbourne)	Residential & Commercial	456	2Q 2015	456	97%
Nova City Tower 1 (Cairns)	Residential & Commercial	187	2Q 2016	101	34%

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

The Group expects CityGate to contribute to the Group's revenue and profit in FY2017 and FY2018 as the Group continues to record sales for the remaining commercial units and construction progress on schedule.

The Group had successfully spinned off its overseas real estate business with the listing of World Class Global Limited on the Catalist board of the Singapore Exchange Security Trading Limited on 15 June 2017. The total net proceeds from the initial public offering of approximately S$24.5 million has further strengthened the capital base of the Group.

In Australia, the Group has made good progress for its Australia 108 and Avant projects. As at the date of this announcement, the construction works for the two projects were ahead of the planned schedule with Australia 108 at Level 17 and Avant at Level 36. Barring any unforeseen circumstances, the Group expects to complete stage 1 and 2 out of the 6 stages for Australia 108 and all the 2 stages for Avant in 2018.

15. BUSINESS OUTLOOK (CONTINUED)

Real Estate Business (continued)

In line with the above completion, the Group expects to recognise revenue and profit from the Australia projects when the completed units are delivered to the purchasers from 2018 to 2020.

In the next twelve months, the Group will focus on the sale of Nova City in Cairns and the launch of Albert Street project in Brisbane.

In Penang, the Group has completed the refurbishment, upgrading and building works of 9 properties.

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$200 million which will be progressively recognised in accordance with the stage of construction.

Second, the Group has locked in about S$1.2 billion of sales revenue from the Australia 108 and Avant projects.

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$1.4 billion of sales in Singapore and Australia.

Financial Service Business

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

Jewellery Business

The Group expects consumer sentiments to remain weak in 2017 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.

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, intends to launch the office development in Xuzhou, China in 2H 2017 and develop the site at Rawai, Phuket into a 5-star hotel with branded residences.

The Group

Barring unforeseen circumstances and any 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 six months ended 30 June 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

8 August 2017