Aspial
Corporation Ltd
Company Registration No: 197001030G
(Incorporated in Singapore)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Year Ended 31 December 2019 ("FY 2019")

	Group		
	2019 S$'000	2018 S$'000	Change %
Revenue	**560,242**	**898,451**	**-38%**
Materials and subcontract costs	(354,883)	(644,048)	**-45%**
Employee benefits	(62,661)	(58,398)	**7%**
Depreciation and amortisation	(28,193)	(6,547)	**331%**
Finance costs	(34,268)	(31,334)	**9%**
Other operating expenses	(77,164)	(129,625)	**-40%**
Interest income	4,037	9,316	**-57%**
Rental income	2,560	2,703	**-5%**
Other income	8,502	15,827	**-46%**
Share of results of associates and a joint venture	12,233	210	**n.m**
Profit before tax	**30,405**	**56,555**	**-46%**
Taxation	(11,845)	(19,449)	**-39%**
Profit for the year	**18,560**	**37,106**	**-50%**
Other comprehensive income			
Net fair value changes on debt and equity instruments at fair value through other comprehensive income	3,838	(8,472)	**n.m**
Foreign currency translation	(3,475)	(16,934)	**-79%**
Share of other comprehensive income of an associate and a joint venture	7,663	(1,453)	**n.m**
Other comprehensive income for the year, net of tax	**8,026**	**(26,859)**	**n.m**
Total comprehensive income for the year	**26,586**	**10,247**	**159%**
Profit attributable to:			
Owners of the Company	12,695	28,346	**-55%**
Non-controlling interests	5,865	8,760	**-33%**
	18,560	**37,106**	**-50%**
Total comprehensive income attributable to:			
Owners of the Company	21,186	6,397	**231%**
Non-controlling interests	5,400	3,850	**40%**
	26,586	**10,247**	**159%**
Earnings per ordinary share (cents)			
-Basic	**0.66**	**1.46**	**-55%**
-Diluted	**0.66**	**1.46**	**-55%**

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Other information :-

	Group		
	2019 S$'000	2018 S$'000	Change %
Other Income			
Foreign exchange gain	726	170	327%
Net fair value gain on derivatives	974	2,537	-62%
Reversal of impairment in investment securities	-	2,774	n.m
Government grants and other miscellaneous income	4,926	5,629	-12%
Dividend income from equity instruments	1,876	4,717	-60%
	8,502	**15,827**	
Other operating expenses	**(77,164)**	**(129,625)**	
Included in other operating expenses			
Sales and marketing expenses	(29,317)	(46,536)	-37%
Rental expenses	(6,804)	(29,717)	-77%
Allowance for write-down of development properties	(1,502)	-	n.m
Fair value loss on investment properties	(3,341)	(1,400)	139%
Impairment loss on property, plant and equipment	(4,156)	-	n.m
Impairment loss on investment securities	(1,959)	-	n.m
Repair and maintenance	(7,655)	(4,259)	80%
Foreign exchange loss	(1,622)	(19,969)	-92%

n.m - means "not meaningful"

NOTES:

1a. The Group recognises all inventories, 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.

1b. The decrease in materials and subcontract costs in FY2019 was mainly due to lower revenue for the real estate business.

1c. The increase in employee benefits for FY2019 was mainly due to higher staff costs for Singapore head office and overseas jewellery business.

1d. The significant increase in depreciation and amortisation for FY2019 was mainly attributable to depreciation of right-of-use (ROU) assets arising from adoption of SFRS(I) 16 *Leases*.

1e. The increase in finance costs for FY2019 was mainly due to the adoption of SFRS(I) 15 *Revenue from Contracts with Customers*. Borrowing cost relating to contracts with customers that was previously capitalised, are now expensed off as the units are no longer deemed as qualifying assets when the entity transfers control of these units over time.

1f. Lower other operating expenses in FY2019 was mainly due to the decrease in rental expenses after adoption of SFRS(I) 16 *Leases* and lower sales and marketing expenses for real estate business.

1g. Lower interest income in FY2019 was mainly due to decrease in investment securities and lower interest-bearing deposits at bank, and interest earned from deposits held in escrow account upon settlement by purchasers of *Australia 108* and *AVANT* projects.

1h. The decrease in other income in FY2019 was mainly attributable to lower net fair value gain on derivatives and reduction in equity instruments.

1i. The increase in share of results of associates and a joint venture in FY2019 was largely due to recognition of gain on sale of Crowne Plaza London Kensington in April 2019 by AF Global Limited ("AFG").

1j. The higher effective tax rate in FY2019 was mainly due to the higher tax rate and unutilised tax losses for the overseas real estate business for which deferred tax assets have not been recognised for the year.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Dec-19 S$'000	31-Dec-18 S$'000	31-Dec-19 S$'000	31-Dec-18 S$'000
Non-current assets				
Property, plant and equipment	171,377	91,155	171	191
Intangible assets	9,599	10,244	1,233	1,054
Investment properties	60,795	72,523	-	-
Investment in subsidiaries	-	-	225,204	227,204
Investment in associates	128,477	19,324	80,936	-
Investment in joint ventures	75	13,346	75	5,000
Investment securities	11,872	99,303	-	500
Trade and other receivables	14,282	16,686	-	-
Right-of-use assets	96,972	-	-	-
Prepayments	-	1	-	-
Deferred tax assets	3,181	3,530	1,039	87
	496,630	**326,112**	**308,658**	**234,036**
Current assets				
Inventories	149,692	147,413	-	-
Contract assets	-	44,918	-	-
Development properties	521,221	590,335	-	-
Properties held for sale	64,237	76,135	-	-
Trade and other receivables	326,886	326,229	3,419	2,202
Prepayments	5,598	6,798	319	231
Due from subsidiaries (non-trade)	-	-	27,434	211,712
Due from joint ventures (non-trade)	1	86,099	1	86,093
Due from associates (non-trade)	1,278	276	385	-
Investment securities	9,718	3,679	425	-
Derivatives	2,033	2,537	-	-
Cash and bank balances	146,194	59,020	337	164
	1,226,858	**1,343,439**	**32,320**	**300,402**
Total assets	**1,723,488**	**1,669,551**	**340,978**	**534,438**
Current liabilities				
Trade and other payables	79,577	73,887	16,220	8,158
Due to subsidiaries (non-trade)	-	-	53,296	185,665
Due to a joint venture (non-trade)	-	25	-	-
Due to an associate (non-trade)	1,508	2,028	-	-
Provision for taxation	19,720	14,250	-	-
Lease liabilities	22,591	-	-	-
Term notes and bonds	357,982	82,750	-	83,000
Interest-bearing loans and borrowings	486,436	461,655	-	-
	967,814	**634,595**	**69,516**	**276,823**
Net current assets	**259,044**	**708,844**	**(37,196)**	**23,579**
Non-current liabilities				
Interest-bearing loans and borrowings	104,991	104,346	-	-
Term notes and bonds	142,000	505,122	-	-
Other payables	5,939	3,121	-	-
Lease liabilities	75,549	-	-	-
Deferred tax liabilities	16,747	15,804	-	-
	345,226	**628,393**	**-**	**-**
Total liabilities	**1,313,040**	**1,262,988**	**69,516**	**276,823**
Net assets	**410,448**	**406,563**	**271,462**	**257,615**
Equity attributable to shareholders of the Company				
Share capital	226,930	226,930	226,930	226,930
Treasury shares	(2,290)	(2,589)	(2,290)	(2,589)
Other reserves	(17,622)	(27,776)	1,302	1,413
Revenue reserves	105,705	109,335	45,520	31,861
	312,723	**305,900**	**271,462**	**257,615**
Non-controlling interests	97,725	100,663	-	-
Total equity	**410,448**	**406,563**	**271,462**	**257,615**
Net asset value per ordinary share (in cents)	**16.14**	**15.80**	**14.01**	**13.30**

2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2a. - Review of Financial Position

Group shareholders' funds increased from S$406.6 million as at 31 December 2018 to S$410.4 million as at 31 December 2019. This was mainly contributed by increase in other reserves, partially offset by decrease in revenue reserves and non-controlling interests. The increase in other reserves was mainly due to the share of other comprehensive income from AFG.

The Group's total assets of S$1,723.5 million as at 31 December 2019 was S$53.9 million higher as compared to 31 December 2018. This was mainly attributable to the increase in investment in associates, right-of-use assets, cash and bank balances and property, plant and equipment, partially offset by the decrease in amount due from joint ventures, investment securities, development properties, contract assets, investment in joint ventures, properties held for sale and investment properties. The increase in cash and bank balances was mainly due to the net proceeds received from interest-bearing loans and borrowings and sales proceeds from the handovers of Australia 108 completed units, partially offset by payment of development expenditures for on-going projects. The increase in property, plant and equipment as well as the decrease in investment properties were mainly due to the reclassification of development properties and investment properties in Georgetown, Penang for hotel use. The increase in right-of-use assets was due to the adoption of SFRS(I) 16 *Leases* .

The Group's total liabilities of S$1,313.0 million as at 31 December 2019 was S$50.1 million higher than that as at 31 December 2018. This was largely due to the increase in lease liabilities arising from the adoption of SFRS(I) 16 *Leases* , increase in interest bearing loans and borrowings and trade and other payables, partially offset by redemption of the outstanding S$62.8 million term notes due in June 2019, cancellation of S$10 million bonds due April 2020 and open market purchases of bonds and term notes.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	2019 S$'000	2018 S$'000
Operating activities		
Profit before tax	30,405	56,555
Adjustments for:		
Property, plant and equipment written off	990	818
Impairment loss on investment in an associate	-	31
Impairment loss on intangible assets	99	1,773
Impairment loss on property, plant and equipment	4,156	-
Allowance for write-down of development properties	1,502	-
Loss/(gain) on disposal of property, plant and equipment	1	(10)
Employee Share Award Scheme expenses	188	191
Net fair value loss on investment properties	3,341	1,303
Net fair value gain on derivatives	(974)	(2,537)
Fair value loss on investment securities	77	2,895
Impairment loss/(Reversal of impairment) on investment securities	1,959	(2,774)
Depreciation of property, plant and equipment	5,832	5,458
Depreciation of right-of-use assets	21,080	-
Write back of inventories	(400)	(29)
Interest receivables written-off	11	81
Interest expense	31,631	28,718
Interest income	(4,037)	(9,316)
Amortisation of prepaid rent	4	3
Amortisation of intangible assets	1,277	1,086
Amortisation of prepaid commitment fees	2,637	2,671
Amortisation of premium on term notes	(57)	(55)
Net loss on disposal of investment securities	665	1,665
Dividend income from equity instruments	(1,876)	(4,717)
Gain on bargain purchase on acquisition of subsidiary	-	(1,144)
Net gain on remeasuring previously held equity interest in associates to fair value on business combination	-	(957)
Gain on purchase and cancellation of term notes and bonds	-	(67)
Allowance for doubtful receivables	3	564
Share of results of associates and a joint venture	(12,233)	(210)
Unrealised foreign exchange differences	149	13,693
Operating profit before changes in working capital	**86,430**	**95,689**
Decrease/(increase) in:		
Inventories	(2,447)	3,586
Development properties	18,909	188,447
Investment properties	(1,864)	(13,280)
Properties held for sale	12,450	-
Contract assets, trade and other receivables	45,390	68,253
Prepayments	(706)	490
Restricted cash	(13,197)	-
(Decrease)/Increase in:		
Trade and other payables	(2,527)	(4,928)
Net cash flows generated from operations	**142,438**	**338,257**
Interest paid	(36,174)	(63,928)
Income taxes paid	(7,285)	(3,158)
Net cash flows generated from operating activities	**98,979**	**271,171**
Investing activities		
Net cash inflow on acquisition of a subsidiary	-	3,026
Purchase of property, plant and equipment	(29,487)	(19,112)
Proceeds from sale of property, plant and equipment	-	332
Acquisition of intangible assets	(877)	(1,506)
Interest received	5,639	3,139
Purchase of investment securities	(2)	(94,800)
Dividend income from equity instruments	1,876	4,717
Dividend income from an associate	576	-
Proceeds from disposal of investment securities	83,699	162,836
Due (from)/to associates (non-trade), net	(2,098)	1,943
Due to/(from) a joint venture (non-trade), net	10,088	(1,583)
Net cash flows generated from investing activities	**69,414**	**58,992**

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2019 S$'000	2018 S$'000
Financing activities		
Dividends paid to shareholders of the Company	(9,682)	(9,682)
Dividends paid to non-controlling interests of subsidiaries	(4,500)	(4,462)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	115	6,335
Proceeds from issuance of term notes and bonds	23,500	44,750
Repayment of term notes	(111,390)	(96,311)
Proceeds from term loans	207,349	162,360
Repayment of term loans	(134,893)	(379,569)
Repayment of short-term bank borrowings, net	(43,934)	(47,434)
Repayment of principal portion of lease liability	(19,941)	-
Repayment of finance lease obligations	-	(136)
Term notes and bonds commitment fee paid	(756)	(976)
Purchase of treasury shares of a subsidiary	(116)	(42)
Net cash flows used in financing activities	**(94,248)**	**(325,167)**
Net increase in cash and cash equivalents	74,145	4,996
Cash and cash equivalents at beginning of year	59,020	54,888
Effect of exchange rate changes on cash and cash equivalents	(168)	(864)
Cash and cash equivalents at end of year	**132,997**	**59,020**

Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:-

	2019 S$'000	2018 S$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	-	6,647
Cash at bank	132,997	52,373
Cash and cash equivalents	**132,997**	**59,020**

An amount of S$13.2 million has not been included in cash and cash equivalents of the Group as the amount relates to a reserve account held in escrow by a third party which will only be released upon repayment of the loan and related interest liabilities owing to the third party.

3a. - Cashflow Analysis

FY 2019

Net cash generated from operating activities for FY2019 was S$99.0 million as compared to S$271.2 million in FY2018. This was mainly due to decrease in trade and other receivables, development properties and properties held for sale, partially offset by increase in inventories, restricted cash and decrease in trade and other payables. The decrease in development properties and properties held for sale was mainly due to recognition of costs relating to the settlements of units sold for Australia 108 and AVANT projects to cost of sales, partially offset by development expenditures for on-going projects.

Net cash generated from investing activities of S$69.4 million in FY2019 was largely attributable to proceeds from disposal of investment securities and amount due to a joint venture (non-trade), partially offset by increase in property, plant and equipment.

Net cash used in financing activities was S$94.2 million in FY2019 as compared to S$325.2 million for FY2018. The net cash used in financing activities was mainly due to buy-back and cancellation of term notes and bonds, the redemption of the Group's outstanding S$62.8 million term notes due in June 2019, and the repayment of term loans and short-term borrowings.

As a result, cash and cash equivalent balances increased to S$133.0 million as at 31 December 2019 from S$59.0 million as at 31 December 2018.

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 2019	**226,930**	**(2,589)**	**109,335**	**(27,776)**	**100,663**	**406,563**
Profit for the year	-	-	12,695	-	5,865	**18,560**
Other comprehensive income for the year						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	3,496	342	**3,838**
Foreign currency translation	-	-	-	(2,668)	(807)	**(3,475)**
Share of other comprehensive income of an associate and a joint venture	-	-	-	7,663	-	**7,663**
Other comprehensive income, net of tax	-	-	-	8,491	(465)	**8,026**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(14,529)	-	(8,495)	**(23,024)**
Treasury shares re-issued pursuant to performance share plan	-	299	-	(111)	-	**188**
Capital contribution from non-controlling interests	-	-	-	-	115	**115**
Total contributions by and distributions to owners	-	299	(14,529)	(111)	(8,380)	**(22,721)**
Changes in ownership interests in subsidiaries						
Change in ownership interest in subsidiaries without a change in control	-	-	1	(23)	42	**20**
Total changes in ownership interests in subsidiaries	-	-	1	(23)	42	**20**
Others						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(1,797)	1,797	-	**-**
Total Others	-	-	(1,797)	1,797	-	**-**
Balance as at 31 December 2019	**226,930**	**(2,290)**	**105,705**	**(17,622)**	**97,725**	**410,448**
Balance as at 1 January 2018						
- As previously reported	226,930	(2,589)	96,231	16,438	89,738	426,748
- Effects of adopting SFRS(I) 1	-	-	13,104	(28,314)	-	(15,210)
- Effects of adopting SFRS(I) 15	-	-	(2,591)	-	(288)	(2,879)
- As restated	**226,930**	**(2,589)**	**106,744**	**(11,876)**	**89,450**	**408,659**
- Effects of adopting SFRS(I) 9	-	-	(9,367)	7,835	-	(1,532)
- As restated	**226,930**	**(2,589)**	**97,377**	**(4,041)**	**89,450**	**407,127**
Profit for the year	-	-	28,346	-	8,760	**37,106**
Other comprehensive income for the year						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	(7,389)	(1,083)	**(8,472)**
Foreign currency translation	-	-	-	(13,107)	(3,827)	**(16,934)**
Share of other comprehensive income of an associate and a joint venture	-	-	-	(1,453)	-	**(1,453)**
Other comprehensive income, net of tax	-	-	-	(21,949)	(4,910)	**(26,859)**
Contributions by and distributions to owners						
Dividend on ordinary shares - Cash dividends	-	-	(14,523)	-	(5,880)	**(20,403)**
Premium on dilution of interests in subsidiary	-	-	-	198	(198)	**-**
Capital contribution from non-controlling interests	-	-	-	(73)	10,524	**10,451**
Total contributions by and distributions to owners	-	-	(14,523)	125	4,446	**(9,952)**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests in a subsidiary	-	-	-	(3,727)	2,720	**(1,007)**
Changes in ownership interests in subsidiaries without a change in control	-	-	(22)	(27)	197	**148**
Total changes in ownership interests in subsidiaries	-	-	(22)	(3,754)	2,917	**(859)**
Others						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(1,843)	1,843	-	**-**
Total Others	-	-	(1,843)	1,843	-	**-**
Balance as at 31 December 2018	**226,930**	**(2,589)**	**109,335**	**(27,776)**	**100,663**	**406,563**

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 2019	**226,930**	**(2,589)**	**31,861**	**1,413**	**-**	**257,615**
Profit for the year, representing total comprehensive income for the year	-	-	28,188	-	-	**28,188**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(14,529)	-	-	**(14,529)**
Treasury shares reissued pursuant to performance share plan	-	299	-	(111)	-	**188**
Total contributions by and distributions to owners	-	299	(14,529)	(111)	-	**(14,341)**
Balance as at 31 December 2019	**226,930**	**(2,290)**	**45,520**	**1,302**	**-**	**271,462**
Balance as at 1 January 2018	**226,930**	**(2,589)**	**28,715**	**1,413**	**-**	**254,469**
Profit for the year, representing total comprehensive income for the year	-	-	17,669	-	-	**17,669**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(14,523)	-	-	**(14,523)**
Total contributions by and distributions to owners	-	-	(14,523)	-	-	**(14,523)**
Balance as at 31 December 2018	**226,930**	**(2,589)**	**31,861**	**1,413**	**-**	**257,615**

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, 31 March and 30 June 2019	1,936,491	224,341
Distributed as staff benefits	321	88
Balance at 30 September 2019	**1,936,812**	**224,429**
Distributed as staff benefits	765	211
Balance at 31 December 2019	**1,937,577**	**224,640**

6. CHANGES IN TREASURY SHARES

There were 1,085,928 (31 December 2018: nil) treasury shares transferred to employees under the Aspial Performance Share Plan during the financial year.

	Company	
	No. of shares '000	S$ '000
Balance at 1 January, 31 March and 30 June 2019	9,405	2,589
Distributed as staff benefits	(321)	(88)
Balance at 30 September 2019	**9,084**	**2,501**
Distributed as staff benefits	(765)	(211)
Balance at 31 December 2019	**8,319**	**2,290**

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-Dec-19		As at 31-Dec-18	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
486,436	357,982	461,655	82,750

Amount repayable after one year

As at 31-Dec-19		As at 31-Dec-18	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
104,991	142,000	104,346	505,122

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

Except as disclosed in paragraph 11 below, the Group has applied the same accounting policies and methods of computation in the full year results announcement for the current financial year ended 31 December 2019 as those of the audited financial statements for the financial year ended 31 December 2018, as well as all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2019.

The adoption of other SFRS(I) and Interpretations of SFRS(I) relevant to the Group's operations which are effective for annual periods beginning on or after 1 January 2019 does not have a material impact on the financial statements, except as disclosed in paragraph 11 below.

11. CHANGES IN THE ACCOUNTING POLICIES

The Group has adopted the SFRS(I) 16 *Leases* with effect from 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

12. EARNINGS PER SHARE

	Group	
	FY2019	FY2018
i) Basic earnings per share (cents)	0.66	1.46
ii) Diluted earnings per share (cents)	0.66	1.46
-Weighted average number of shares (excluding treasury shares) ('000)	1,936,775	1,936,491

13. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net asset value per ordinary share (in cents)	16.14	15.80	14.01	13.30
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,937,577	1,936,491	1,937,577	1,936,491

14. VARIANCE FROM FORECAST STATEMENT

No forecast for the year ended 31 December 2019 was previously provided.

15. REVIEW OF CORPORATE PERFORMANCE

The Group registered a revenue of S$560.2 million and pre-tax profit of S$30.4 million in FY2019.

The Group revenue of S$560.2 million for FY2019 was S$338.2 million or 37.6% below that of FY2018. This was mainly due to lower revenue from the Real Estate Business.

Revenue from the Real Estate Business declined by S$363.3 million to S$210.9 million due to the completion of fewer development projects in 2019. The revenue for FY2019 was mainly contributed by Australia 108 as compared to FY2018 where there were contributions from CityGate, AVANT and Australia 108.

Revenue from the Financial Service Business increased by S$14.8 million or 7.3% to S$218.5 million in FY 2019. The increase was due to higher interest income and sales from the retailing and trading of jewellery and branded merchandise.

The Jewellery Business recorded revenue of S$139.8 million in FY2019 as compared to S$135.8 million in FY2018. The higher revenue was mainly due to sales from overseas operations partially offset by lower sales from Singapore operations.

The Group's pre-tax profit for FY2019 was S$30.4 million as compared to S$56.6 million in FY2018.

For FY2019, the Real Estate Business recorded a pre-tax profit of S$15.5 million as compared to S$56.4 million for FY2018. The lower pre-tax profit was mainly due to lower revenue booked in FY2019 and provision for impairment loss, allowances for write-down of development properties and fair value loss amounting to S$8.2 million for its assets and properties in Singapore and Malaysia. Excluding these adjustments, pre-tax profit for the Real Estate Business would have been S$23.7 million.

Pre-tax profit for the Financial Service Business increased by S$5.9 million or 49.2% to S$17.9 million in FY2019. The increase was mainly due to higher gross profit and lower foreign exchange loss.

The Jewellery Business registered a pre-tax loss of S$0.4 million in FY2019 as compared to S$4.2 million in FY2018. The pre-tax loss decreased mainly due to higher profit from associates, reduction in operating costs for Singapore retail business, partially offset by higher operating costs for overseas retail business.

The share of results from associates and a joint venture was mainly attributable to the higher profit from AF Global Limited.

16. BUSINESS OUTLOOK

Real Estate Business

In Singapore, the Group will continue to sell the remaining commercial units in CityGate project.

The Group continues to make good progress in the construction of the Australia 108 project in FY2019. As at the date of this announcement, the Group has completed 94% of the construction of Australia 108 and construction on site has progressed to the top of the building.

The Group expects to realise approximately A$357 million from the settlement and handover of units for Australia 108 in the next 12 months. The project is expected to complete in the third quarter of this year and will contribute positively to the Group's revenue and profitability in FY 2020.

At present, the Group operates 7 hotels comprising a total of 72 keys in Georgetown, Penang. The Group expects its hotel portfolio in Penang to increase to about 350 keys by the end of 2020.

Financial Service Business

The Group plans to grow its core business of pawnbroking and retailing of new and pre-owned merchandise despite keen competition and increasing operating costs. To keep the growth momentum, the Group will continue to invest in brand building, improve its merchandise range and review the retail network.

Jewellery Business

The Group expects consumer sentiments to remain weak in Asia in the near future with the Covid-19 outbreak and will work on improving the operational effectiveness and efficiency of its Jewellery Business.

AF Global Limited

The existing core business of AF Global Limited, namely the hotel and serviced residence business, is expected to be affected by the Covid-19 outbreak which has slowed down global travel demand. The Group is putting in place strategies to manage its hospitality assets and mitigate the impact of weaker demand.

In China, the Xuzhou Gulou Square is still under court proceedings and the Group will update when there is any material development.

The Group is dedicated to improving its business operations and enhancing the return from its asset portfolio through asset enhancement initiatives, acquisitions and divestments.

Debt Analysis

Group total debt has declined substantially in FY2019 in terms of its loans and borrowings and outstanding term notes and bonds. Total debt decreased by S$62.5 million to S$1,091.4 million as at 31 December 2019.

Group cash and cash equivalents was S$146.2 million as at 31 December 2019, S$87.2 million higher than the amount as at 31 December 2018.

Total loans and borrowings of S$591.4 million as at 31 December 2019 was S$25.4 million higher than 31 December 2018. This was mainly due to the additional loans obtained for the development project in Australia in 4Q 2019 which has generated a net cash of approximately S$103 million.

The balance of S$311.9 million was mainly working capital and mortgage loan for its Financial Service Business, Jewellery Business and investments.

As at 31 December 2019, the Group has outstanding term notes and bonds of S$500.0 million, which was S$87.9 million lower than the amount as at 31 December 2018 due to the redemption of bonds in June 2019, cancellation of some bonds due 2020 and open market purchases of bonds and term notes, partially offset by the net increase of S$6.0 million in bonds issued by Maxi-cash Financial Services Corporation Ltd.

The Group cancelled S$10.0 million of its 5.3% bonds due April 2020 in September 2019 and subsequently, another S$7.7 million in February 2020.

In relation to the outstanding bonds due in 2020, the Group intends to finance the repayment through a combination of (i) existing cash balance and bank facilities; (ii) the expected proceeds from the ongoing settlement and handover of completed units of Australia 108; (iii) external financing, which may include loans secured by the Group's investment assets and completed units of the Group's projects; and (iv) cashflow from operations and investment assets and properties.

The Group may purchase some of its remaining term notes and bonds, which may include, but are not limited to those due in 2020, prior to the maturity dates. The purchase of its term notes and bonds may be done via various channels such as open market purchase and tender offer and will enable the Group to improve its debt position and reduce negative carry.

Barring unforeseen circumstances such as unfavorable changes in Australian and Malaysian currencies and a severe impact on the economy arising from the Covid-19 outbreak, the Group expects to be profitable in FY2020.

17. SEGMENT INFORMATION

2019 Business Segment	Real Estate S$'000	Financial Service S$'000	Jewellery S$'000	Others S$'000	Elimination S$'000	Group S$'000
Revenue	210,882	212,840	136,924	-	(404)	560,242
Intersegment revenue	-	5,639	2,840	558	(9,037)	-
	210,882	218,479	139,764	558	(9,441)	560,242
Results :						
Segment result	22,316	30,809	2,380	26,742	(21,345)	60,902
Unallocated expenses	-	-	-	-	-	(266)
Interest income	2,403	425	4	36,366	(35,161)	4,037
Profit from operations	24,719	31,234	2,384	63,108		64,673
Finance costs	(9,179)	(13,295)	(2,771)	(40,575)	31,552	(34,268)
Profit/(loss) from operations before taxation	15,540	17,939	(387)	22,533		30,405
Taxation	(9,119)	(3,003)	(404)	681		(11,845)
Profit/(loss) for the year	6,421	14,936	(791)	23,214		18,560
Assets and liabilities						
Segment assets	881,992	521,386	193,960	875,653	(752,684)	1,720,307
Unallocated assets						3,181
Total assets						1,723,488
Segment liabilities	676,606	379,168	150,001	602,613	(531,815)	1,276,573
Unallocated liabilities						36,467
Total liabilities						1,313,040
Other segment information						
Depreciation and amortisation	212	11,555	15,484	925	17	28,193
Share of result from associates	(1,247)	-	1,287	-		40
Share of result from joint venture	-	(226)	(226)	12,193	452	12,193
Capital expenditure	236	2,152	4,165	22,934	-	29,487
Other significant non-cash expenses	6,774	839	347	2,804	-	10,764
Investment in joint ventures	-	-	-	75	-	75
Investment in associates	8,387	-	10,977	109,113	-	128,477

2018 Business Segment	Real Estate S$'000	Financial Service S$'000	Jewellery S$'000	Others S$'000	Elimination S$'000	Group S$'000
Revenue	574,213	198,076	126,162	-	-	898,451
Intersegment revenue	-	5,575	9,657	958	(16,190)	-
	574,213	203,651	135,819	958	(16,190)	898,451
Results :						
Segment result	54,995	21,815	(2,367)	23,412	(19,056)	78,799
Unallocated expenses	-	-	-	-	-	(226)
Interest income	4,902	1,273	20	42,218	(39,097)	9,316
Profit from operations	59,897	23,088	(2,347)	65,630		87,889
Finance costs	(3,469)	(11,022)	(1,891)	(49,111)	34,159	(31,334)
Profit/(loss) from operations before taxation	56,428	12,066	(4,238)	16,519		56,555
Taxation	(17,643)	(1,581)	180	(405)	-	(19,449)
Profit/(loss) for the year	38,785	10,485	(4,058)	16,114		37,106

17. SEGMENT INFORMATION (CONTINUED)

2018 Business Segment	Real Estate S$'000	Financial Service S$'000	Jewellery S$'000	Others S$'000	Elimination S$'000	Group S$'000
Assets and liabilities						
Segment assets	853,997	459,991	142,239	1,142,789	(932,995)	1,666,021
Unallocated assets						3,530
Total assets						1,669,551
Segment liabilities	629,684	317,285	96,858	892,435	(703,328)	1,232,934
Unallocated liabilities						30,054
Total liabilities						1,262,988
Other segment information						
Depreciation and amortisation	154	2,116	3,373	867	37	6,547
Share of result from associates	(283)	-	920	-	-	637
Share of result from joint venture	-	(141)	(141)	(427)	282	(427)
Capital expenditure	384	9,169	3,699	5,860	-	19,112
Other significant non-cash expenses	(145)	(945)	907	207	-	24
Investment in joint ventures	-	-	-	13,346	-	13,346
Investment in associates	9,635	-	9,689	-	-	19,324

18. BREAKDOWN OF REVENUE AND RESULTS

	GROUP		
	2019 S$'000	2018 S$'000	Increase / (Decrease) %
Sales reported for first half	312,464	426,865	-26.8%
Profit after tax before deducting non-controlling interests for first half	18,096	17,054	6.1%
Sales reported for second half	247,778	471,586	-47.5%
Profit after tax before deducting non-controlling interests for second half	464	20,052	-97.7%

19. INTERESTED PERSON TRANSACTIONS

No interested persons transactions ("IPT") were conducted under the Company's IPT mandate for the year ended 31 December 2019.

20. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION WHO IS A RELATIVE OF A DIRECTOR OR CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ng Sheng Tiong	53	Husband of Koh Lee Hwee (Executive Director)	He is the CEO of a subsidiary, World Class Global Ltd. He is also a Director of the following subsidiaries/sub-subsidiaries: Subsidiaries World Class Land Pte Ltd World Class Global Ltd	He was appointed as the CEO of World Class Global Ltd in March 2016

20. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION WHO IS A RELATIVE OF A DIRECTOR OR CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER (CONTINUED)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ng Sheng Tiong	53	Husband of Koh Lee Hwee (Executive Director)	Sub-subsidiaries Advance Property Pte Ltd World Class Property Pte Ltd Dynamic Project Management Services Pte Ltd World Class Investments Pte Ltd Headway Construction Pte Ltd World Class Property (Telok Kurau) Pte Ltd World Class Developments Pte Ltd World Class Developments (Bedok) Pte Ltd World Class Developments (Central) Pte Ltd World Class Developments (City Central) Pte Ltd World Class Developments (North) Pte Ltd World Class Land (Australia) Pty Ltd WCL- Central Park (QLD) Pty Ltd WCL- Cairns(QLD) Pty Ltd WCL-Southbank (VIC) Pty Ltd WCL-A Beckett (VIC) Pty Ltd WCL (QLD) Holdings Pty Ltd WCL (QLD) Albert St Pty Ltd WCL (QLD) Margaret St Pty Ltd WCL (CNS) CBD Pty Ltd Dynamic Ideas Pty Ltd SBD 102 Pty Ltd World Class Land (Malaysia) Sdn Bhd World Class Land (Penang) Sdn Bhd World Class Land (Georgetown) Sdn Bhd World Class Land (Georgetown) Holdings Sdn Bhd WCL (Macallum) Sdn Bhd WCL (Noordin St) Sdn Bhd WCL (Magazine) Sdn Bhd WCL (Bertam R) Sdn Bhd WCL (Bertam L) Sdn Bhd PHC Hotels Sdn Bhd Penang Parade Hotels Sdn Bhd	

21. DIVIDEND

(i) Proposed Dividend

Name of dividend	2019	2018
Name of dividend	Final	Final
Dividend Type	Cash/Scrip	Cash
Dividend Rate	0.25 cent per ordinary share	0.25 cent per ordinary share
Tax Rate	One-tier tax exempt	One-tier tax exempt
Record date	To be announced later	27 June 2019
Payment date	To be announced later	5 July 2019

(ii) Total Annual Dividend

Total dividend proposed and to be paid for the financial year ended 31 December 2019 will be 0.25 cent per share (2018: 0.25 cent).

Name of dividend	2019 $	2018 $
Ordinary Dividend		
Interim dividend	9,687,888	9,682,458
Final dividend #	4,843,943	4,841,229
Total annual dividend	14,531,831	14,523,687

The proposed final one-tier tax exempt dividend in respect of FY2019 is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

22. PROCURED UNDERTAKINGS BY THE BOARD 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.

On behalf of the Board of Directors,

Koh Wee Seng
CEO

Koh Lee Hwee
Director

24 February 2020