

SECOND CHANCE PROPERTIES LTD
(Incorporated in the Republic of Singapore)
Company Registration No.198103193M

UNAUDITED FULL YEAR FINANCIAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2020

Note: All figures are in Singapore Dollars

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	For the 12 months ended			For the 6 months ended		
	31-08-2020	31-08-2019	Change	31-08-2020	31-08-2019	Change
	\$ '000	\$ '000	%	\$ '000	\$ '000	%
Revenue	23,953	30,764	(22.14)	10,431	17,284	(39.65)
Cost of sales	(11,538)	(14,940)	(22.77)	(5,196)	(8,357)	(37.82)
Gross profit	12,415	15,824	(21.54)	5,235	8,927	(41.36)
Other income/(losses)	1,337	329	306.38	1,064	(4)	nm
<u>Expenses</u>						
Distribution	(474)	(629)	(24.64)	(251)	(393)	(36.13)
Property operating	(535)	(937)	(42.90)	(56)	(485)	(88.45)
Gold operating	(121)	(161)	(24.84)	(34)	(69)	(50.72)
Apparels operating	(403)	(697)	(42.18)	(108)	(363)	(70.25)
Administrative	(2,913)	(3,452)	(15.61)	(1,344)	(1,866)	(27.97)
Other operating	(2)	-	nm	-	-	nm
	(4,448)	(5,876)	(24.30)	(1,793)	(3,176)	(43.55)
Profit from operations	9,304	10,277	(9.47)	4,506	5,747	(21.59)
Fair value loss of investment properties	(1,110)	(1,410)	(21.28)	(1,110)	(1,410)	(21.28)
Loss on fair value of financial assets, at fair value through profit or loss	(4,193)	(2,646)	58.47	(3,230)	(733)	340.65
Finance cost	(275)	(764)	(64.01)	(91)	(389)	(76.61)
Profit before income tax	3,726	5,457	(31.72)	75	3,215	(97.67)
Income tax credit/(expense)	719	(711)	nm	839	(516)	nm
Net profit	4,445	4,746	(6.34)	914	2,699	(66.14)

Net profit	4,445	4,746	(6.34)	914	2,699	(66.14)
<u>Other Comprehensive (loss)/income</u>						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(210)	(277)	(24.19)	(334)	(163)	104.91
Items that will not be reclassified subsequently to profit or loss:	(210)	(277)	(24.19)	(334)	(163)	104.91
Revaluation (loss)/gain on property, plant and equipment	(861)	118	nm	(861)	118	nm
Fair value (loss)/gain on financial assets, at fair value through other comprehensive income	(13,177)	565	nm	(12,275)	3,762	nm
Other comprehensive income, net of tax	(14,248)	406	Nm	(13,470)	3,717	nm
Total comprehensive (loss)/income attributable to equity holders	(9,803)	5,152	nm	(12,556)	6,416	nm

<u>Notes</u>	Group		Group	
	<u>For the 12 months ended</u>		<u>For the 6 months ended</u>	
	<u>31-08-2020</u>	<u>31-08-2019</u>	<u>31-08-2020</u>	<u>31-08-2019</u>
	\$ '000	\$ '000	\$ '000	\$ '000
Net profit is arrived at after crediting / (charging):				
Dividend/coupon income	3,585	4,259	1,657	2,304
Gain/(loss) on disposal of financial assets, at FVTPL	1	12	17	(3)
Gain/(loss) on disposal of investment property	180	(265)	180	(265)
Reversal of depreciation of right-of-use assets	-	-	(134)	-
Foreign exchange gain/(loss)	102	(145)	43	(97)
Expenses include:				
Depreciation of property, plant and equipment	143	147	70	70
Allowance for doubtful trade receivables	-	6	-	-
Directors' remuneration	1,287	1,415	654	787
Directors' CPF	24	26	11	11
Directors' fees	111	114	54	60
Income tax				
Over/(under) provision of income tax	371	82	97	(23)
Finance costs				
Interest expenses:-				
Short-term loans	275	764	96	389
Reversal of interest on lease liability	-	-	(5)	-
	275	764	91	389

nm – 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	
	<u>31-08-2020</u>	<u>31-08-2019</u>	<u>31-08-2020</u>	<u>31-08-2019</u>
	\$ '000	\$ '000	\$ '000	\$ '000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	8,891	11,117	106	458
Trade and other receivables	751	390	5,589	8,211
Inventories	16,934	14,701	701	832
Other current assets	404	492	58	160
Income tax recoverable	20	5	-	-
Financial assets, at fair value through profit or loss	17,575	24,045	-	-
Total Current Assets	44,575	50,750	6,454	9,661
Non-current assets				
Amounts due from subsidiary corporations	-	-	152,199	163,062
Investments in subsidiary corporations	-	-	17,231	17,231
Financial assets, at fair value through other comprehensive income	61,871	56,527	34,870	44,575
Property, plant and equipment	20,263	21,454	21	31
Investment properties	156,665	159,545	13,750	13,750
Deferred tax assets	67	-	-	-
Total non-current assets	238,866	237,526	218,071	238,649
Total assets	283,441	288,276	224,525	248,310
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Borrowings	31,100	21,200	9,541	21,200
Trade payables	1,749	1,775	190	171
Other payables	1,455	2,204	1,334	2,069
Current income tax liabilities	156	381	12	89
Total current liabilities	34,460	25,560	11,077	23,529
Non-current liability				
Deferred tax liabilities	47	589	3	5
Total non-current liability	47	589	3	5
Total liabilities	34,507	26,149	11,080	23,534
Net assets	248,934	262,127	213,445	224,776
<u>EQUITY</u>				
Capital and reserves attributable to equity holders of the Company				
Share capital	138,308	138,248	138,308	138,248
Reserves	110,626	123,879	75,137	86,528
Total equity	248,934	262,127	213,445	224,776

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

Amount repayable in one year or less, or on demand

As at 31-08-2020		As at 31-08-2019	
<i>Secured \$'000</i>	<i>Unsecured \$'000</i>	<i>Secured \$'000</i>	<i>Unsecured \$'000</i>
31,100	-	21,200	-

Details of Collateral

For the current year ended 31 August 2020, the Group's bank borrowings are secured by the mortgage of financial assets, at fair value through other comprehensive income and financial assets, at fair value through profit or loss. The Group's bank borrowings were secured by the mortgage of freehold and leasehold lands and buildings of the subsidiaries during the prior year ended 31 August 2019.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	For the 12 months ended		For the 6 months ended	
	<u>31-08-2020</u>	<u>31-08-2019</u>	<u>31-08-2020</u>	<u>31-08-2019</u>
	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities				
Net profit	4,445	4,746	914	2,699
Adjustments for				
-Income tax (credit)/expense	(719)	711	(839)	516
-Bad debt written off	-	6	-	-
-Depreciation of property, plant and equipment	143	147	70	70
-Reversal of depreciation of right-of-use assets	-	-	(134)	-
-Fair value loss on investment properties	1,110	1,410	1,110	1,410
-Interest income from bank deposits	(383)	(422)	(179)	(306)
-Finance expense	275	764	91	389
-Gain/(Loss) on disposal of financial assets, at fair value through profit or loss	(1)	(12)	(17)	3
-Gain/(Loss) on disposal of investment properties	(180)	265	(180)	265
-Fair value loss on financial assets, at fair value through profit or loss	4,193	2,646	3,230	733
-Unrealised currency translation differences	(174)	(15)	(178)	(10)
	8,709	10,246	3,888	5,769
Changes in working capital				
-Inventories	(2,246)	(651)	(1,228)	(583)
-Trade and other receivables	(276)	(89)	(332)	227
-Trade and other payables	(773)	942	1,062	1,566
Net cash generated from operations	5,414	10,448	3,390	6,979
Income taxes paid	(130)	(713)	(132)	(311)
Interest received	383	422	179	306
Interest paid	(275)	(764)	(96)	(389)
Net cash provided by operating activities	5,392	9,393	3,341	6,585
Cash flows from investing activities				
-Proceeds from disposal of financial assets at fair value through other comprehensive income	564	334	474	249
-Proceeds from disposal of financial assets at fair value through profit or loss	3,036	4,524	942	3,927
-Proceeds from disposal of investment properties	1,950	9,250	1,950	9,250
-Purchase of financial assets at fair value through other comprehensive income	(19,137)	-	(18,951)	-
-Purchase of financial assets at fair value through profit or loss	(757)	(2)	(45)	-
-Additions to property, plant and equipment	-	(1)	-	(1)
Net cash (used in)/provided by investing activities	(14,344)	14,105	(15,630)	13,425

Cash flows from financing activities				
-Proceeds from issue of shares	60	-	-	-
-Cash dividends paid to equity holders of the company	(3,399)	(5,285)	(3,399)	(3,020)
-Proceeds from bank borrowings	150,534	109,535	83,830	12,182
-Repayment of bank borrowings	(140,469)	(127,435)	(69,846)	(28,587)
-Repayment of lease liabilities	-	-	142	-
Net cash provided by/(used in) financing activities	6,726	(23,185)	10,727	(19,425)
Net (decrease)/increase in cash and cash equivalents	(2,226)	313	(1,562)	585
Cash and cash equivalents at beginning of financial year	11,117	10,804	10,453	10,532
Cash and cash equivalents at end of financial year	8,891	11,117	8,891	11,117

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

	Share Capital	Assets Revaluation Reserve	Fair Value Reserve	Translation Reserve	Retained Earnings	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 August 2019	138,248	8,082	4,390	(5,980)	117,387	262,127
Issue of share capital	60	-	-	-	-	60
Transfer upon disposal of investments	-	-	5	-	(5)	-
Total comprehensive (loss)/income for the period	-	-	(907)	124	3,531	2,748
Balance as at 29 February 2020	138,308	8,082	3,488	(5,856)	120,913	264,935
Dividends paid	-	-	-	-	(3,399)	(3,399)
Transfer upon disposal of investments	-	-	46	-	(46)	-
Total comprehensive (loss)/income for the period	-	(861)	(12,321)	(334)	914	(12,602)
Balance as at 31 August 2020	138,308	7,221	(8,787)	(6,190)	118,382	248,934

	Share capital	Assets revaluation reserve	Fair value reserve	Translation reserve	Retained earnings	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 August 2018	138,248	7,964	3,825	(5,703)	117,926	262,260
Dividends paid	-	-	-	-	(2,265)	(2,265)
Total comprehensive income for the period	-	-	(3,197)	(114)	2,047	(1,264)
Balance as at 28 February 2019	138,248	7,964	628	(5,817)	117,708	258,731
Dividends paid	-	-	-	-	(3,020)	(3,020)
Total comprehensive income/(loss) for the period	-	118	3,762	(163)	2,699	6,416
Balance as at 31 August 2019	138,248	8,082	4,390	(5,980)	117,387	262,127

Company

	Share Capital	Fair Value Reserve	Retained Earnings	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 August 2019	138,248	6,238	80,290	224,776
Issue of share capital	60	-	-	60
Transfer upon disposal of investments	-	5	(5)	-
Total comprehensive (loss)/income for the period	-	(242)	972	730
Balance as at 29 February 2020	138,308	6,001	81,257	225,566
Dividends paid	-	-	(3,399)	(3,399)
Transfer upon disposal of investments	-	46	(46)	-
Total comprehensive (loss)/income for the period	-	(9,167)	445	(8,722)
Balance as at 31 August 2020	138,308	(3,120)	78,257	213,445

	Share Capital	Fair Value Reserve	Retained Earnings	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 31 August 2018	138,248	5,288	83,350	226,886
Dividends paid	-	-	(2,265)	(2,265)
Total comprehensive (loss)/income for the period	-	(2,428)	625	(1,803)
Balance as at 28 February 2019	138,248	2,860	81,710	222,818
Dividends paid	-	-	(3,020)	(3,020)
Total comprehensive income for the period	-	3,378	1,600	4,978
Balance as at 31 August 2019	138,248	6,238	80,290	224,776

1(d)(ii) Details of any changes in the Company’s share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed, 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

Share capital increased by \$59,778.50 during the current year ended 31 August 2020 due to exercise of old warrants. The old warrants which were issued on 23 January 2017 expired on 23 January 2020. The company issued new warrants on 6 February 2020 which will expire on 7 March 2023. The number of shares that may be issued on conversion of the convertibles is as follows:

	31-08-2020	31-08-2019
Warrants – Old	-	747,709,180
Warrants – New	2,265,814,014	-

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.

	<u>As at</u> <u>31-08-2020</u>	<u>As at</u> <u>31-08-2019</u>
Total number of issued shares	755,271,338	755,032,224
Less: Treasury shares	-	-
<hr/>		
Total number of issued shares excluding treasury shares	755,271,338	755,032,224
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1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the Company's auditors.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (a) Updates on the efforts taken to resolve each outstanding audit issue; (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable

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

All accounting policies and methods of computation applied are the same as those in the most recently audited annual financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 1 September 2019, the Group has adopted the new or amended SFRS(I) and interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) or INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material impact on the amounts reported for the current or prior financial years.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	<u>For the 12 months ended</u>		<u>For the 6 months ended</u>	
	<u>31-08-2020</u>	<u>31-08-2019</u>	<u>31-08-2020</u>	<u>31-08-2019</u>
Earnings per share	0.59 cents	0.63 cents	0.12 cents	0.36 cents
Earnings per share on fully diluted basis	0.59 cents	0.63 cents	0.12 cents	0.36 cents

The calculation of earnings per share for the year ended 31 August 2020 and 31 August 2019 is based on the weighted average number of shares in issue of 755,191,633 and 755,032,224 respectively.

There was no dilution in earnings per share for the year ended 31 August 2020 and 31 August 2019 as the average market price of the Company's shares for the year was less than the exercise price of the new warrants of \$0.25.

7. Net Asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	<u>31-08-2020</u>	<u>31-08-2019</u>	<u>31-08-2020</u>	<u>31-08-2019</u>
Net asset value per share	32.96 cents	34.72 cents	28.26 cents	29.77 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 (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.

Notes:

1. Throughout the review in this section, FY 2020 refers to the financial year ended 31 August 2020. FY 2019 refers to the financial year ended 31 August 2019.

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

OVERVIEW

The Group net profit decreased by \$0.30 million from \$4.75 million in FY 2019 to \$4.45 million in FY 2020.

Revenue decreased by \$6.81 million or 22.14% from \$30.76 million in FY 2019 to \$23.95 million in FY 2020.

Adjusted EBITDA decreased by \$3.22 million from \$8.19 million in FY 2019 to \$4.97 million in FY 2020.

REVENUE

Revenue has decreased by \$6.81 million or 22.14% from \$30.76 million in FY 2019 to \$23.95 million in FY 2020.

Different business segments contributed to the decrease as illustrated below:

Revenue	FY 2020	FY 2019	Variance	
	\$ million	\$ million	\$ million	%
Apparel	1.76	4.99	(3.23)	(64.73)
Gold	14.41	15.06	(0.65)	(4.32)
Properties	4.20	6.46	(2.26)	(34.98)
Securities	3.58	4.25	(0.67)	(15.76)

The negative impact of COVID-19 can clearly be seen on the overall revenue of the Group which decreased by \$6.81 million. On 3 April 2020, the government issued a press release on “Additional Measures to Minimise Further Spread of COVID-19 Cases” which outlined enhanced safe distancing measures to reduce the risk of further local transmission of COVID-19 (the “Enhanced Measures”). As part of the Enhanced Measures, all non-essential workplaces were closed from 7 April 2020 to 18 June 2020 (“Circuit Breaker”). This adversely affected our revenues especially from the apparel business and to some extent, gold business. These two business segments generally witness significant increase in revenues during the Hari Raya festive period each year. However, as

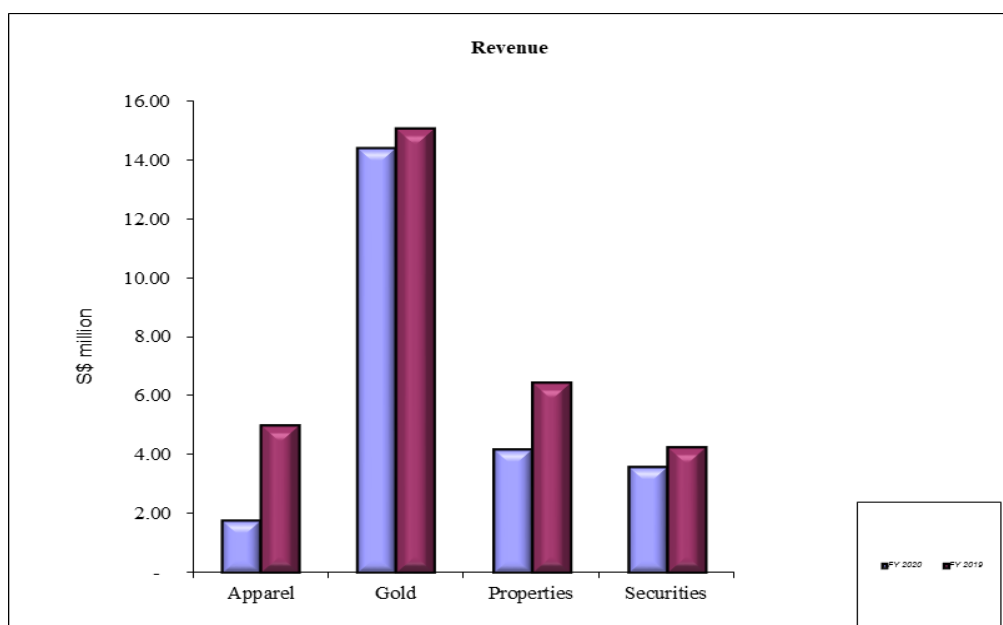
these are considered non-essential workplaces, the shops remained closed during Hari Raya festive period which was between 24 April 2020 and 24 May 2020 reducing our revenues from these two business segments.

The revenue from apparel business was \$1.76 million in FY 2020 as compared to \$4.99 million in FY 2019. Of the \$1.76 million, Malaysian apparel business contributed \$1.17 million as compared to \$3.04 million in FY 2019. In Malaysia too “Movement Control Order” was implemented on 18 March 2020, as a result of which our apparels shops remained closed during festive period resulting in decreased revenue. The higher revenue in FY 2019 was mainly attributable to higher sales during Hari Raya festive season. In addition, the closure of one of our biggest outlets in Singapore at Tanjong Katong Complex, reduction in selling price of apparels, change in consumer preferences and the increasing trend of online shopping also contributed to the decreased revenue from this business segment.

Revenue from gold business declined by \$0.65 million to \$14.41 million in FY 2020 from \$15.06 million in FY 2019. As explained above, our gold shop remained closed during the festive period resulting in lower sales. However, the decrease in sales volume was partially off-set by rise in gold prices resulting in only a 4.32% decrease in revenue in FY 2020 as compared to FY 2019.

Rental revenue from properties also reduced by \$2.26 million to \$4.20 million in FY 2020 from \$6.46 million in FY 2019 primarily due to rental waiver given to tenants for 4 months from April’20 to July’20 following the guidelines stipulated under COVID-19 (Temporary Measures) Act. In addition, loss of rental income on disposal of two properties also contributed to drop in revenue to some extent.

The securities business witnessed decline in revenue of \$0.67 million from \$4.25 million in FY 2019 to \$3.58 million in FY 2020 mainly on account of loss of coupon income upon redemption of few bonds.



Other income increased considerably by \$1.01 million from \$0.33 million in FY 2019 to \$1.34 million in FY 2020. This was mainly contributed by two factors. One was the cash grant for rental relief framework of \$0.32 million received under COVID-19 Government Relief Measures and the other was wage support of \$0.21 million received under Job Support Scheme. Other items included in other income are unrealised foreign exchange loss, interest on fixed deposits and profit/(loss) from disposal of investment properties. There was an unrealised foreign exchange gain of \$0.10 million in FY 2020 as compared to an unrealised foreign exchange loss of \$0.15 million in FY 2019. Also, loss of \$0.27 million realised on sale of an investment property in the prior year ended 31 August 2019 as compared to gain of \$0.18 million in the current FY 2020 resulted in higher other income in FY 2020 as compared to the prior year.

PROFIT

The Group net profit decreased by \$0.30 million from \$4.75 million in FY 2019 to \$4.45 million in FY 2020.

The contribution from various business segments are illustrated below (the contributions are before interest, tax and unallocated expenses).

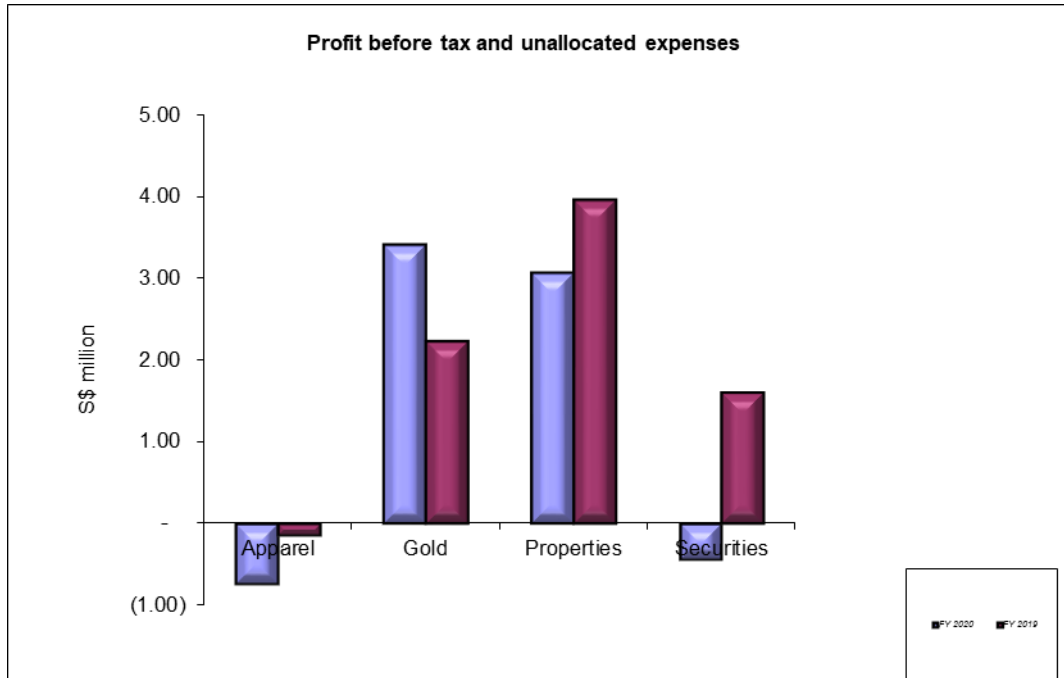
	FY 2020	FY 2019	Variance	
	\$ million	\$ million	\$ million	%
Apparel	(0.74)	(0.14)	(0.60)	428.57
Gold	3.41	2.23	1.18	52.91
Properties	3.07	3.97	(0.90)	(22.67)
Securities	(0.44)	1.60	(2.20)	nm

The loss from apparel business increased by \$0.60 million from \$0.14 million in FY 2019 to \$0.74 million in FY 2020 mainly because of lower sales volume as well as reduced selling price of goods resulting in lower gross profit margin from the apparels business. Further, the fixed costs almost remain unchanged despite decreased revenue from this business segment.

Despite decrease in revenue, the profit from gold business increased by \$1.18 million from \$2.23 million in FY 2019 to \$3.41 million in FY 2020 mainly because of rapid increase in gold prices especially during the second half of the current FY 2020.

Properties segment contributed \$3.07 million in FY 2020 as compared to \$3.97 million in FY 2019. The decrease in profit from this segment was only \$0.90 million despite decrease of \$2.26 million in revenue. This was because of Government relief in the form of property tax rebate of \$0.37 million as well as cash grant for rental relief framework of \$0.32 million received in current year. Also, the unrealized loss on revaluation of properties was \$1.11 million in current FY 2020 as compared to \$1.41 million in prior FY 2019. Furthermore, loss of \$0.27 million on sale of an investment property in FY 2019 as compared to profit of \$0.18 million in FY 2020 also contributed in off-setting the decreased rental revenue from this business segment.

Securities segment recorded a loss of \$0.44 million in FY 2020 as compared to a profit of \$1.60 million in FY 2019. In addition to lower revenue from this business on account of lower coupon income in the current year, the unrealised loss of \$4.19 million recorded on financial assets, at fair value through profit or loss i.e. the financial assets held for trading purpose in the current year as compared to an unrealised loss of \$2.65 million in the prior year contributed to loss from this segment.



There was income tax credit of \$0.72 million in FY 2020 as compared to income tax expense of \$0.71 million in FY 2019. As announced in budget 2020, corporate income tax rebate @25% was granted to all companies for YA2020 (FY 2019). This resulted in lower income tax expense in the current year as the tax rebate was claimed. In addition, income tax credit on account of group relief claimed in current year also contributed to the above tax credit in FY 2020.

Interest expenses decreased from \$0.76 million in FY 2019 to \$0.28 million in FY 2020 mainly due to lower interest rates of short-term borrowings in the current period.

ADJUSTED EBITDA

Adjusted EBITDA decreased by \$3.22 million from \$8.19 million in FY 2019 to \$4.97 million in FY 2020. An unrealized loss of \$4.19 million recorded on financial assets, at fair value through profit or loss in the current year as compared to unrealized loss of \$2.65 million in the prior year mainly contributed to this decrease.

The details of Adjusted EBITDA calculation are as below:

Adjusted EBITDA*	FY 2020	FY 2019
	<u>\$ '000</u>	<u>\$ '000</u>
Net Profit	4,445	4,746
<u>Add/(Less):</u>		
Interest expenses	275	764
Tax (credit)/expense	(719)	711
Depreciation	143	147
Fair value losses of investment properties	1,110	1,410
(Gain)/Loss on divestment of investment property	(180)	265
Exchange differences	(102)	145
	4,972	8,188

**Adjusted earnings before interest, tax, depreciation, exchange gains/losses, revaluation gains/deficit, divestment profits/losses*

CASH FLOW

The net cash flow from operating activities was \$5.39 million in FY 2020.

Proceeds from disposal of financial assets, at fair value through other comprehensive income including capital distribution generated \$0.56 million. In addition, proceeds from disposal of financial assets, at fair value through profit or loss generated \$3.04 million. This included redemption of bonds amounting to \$2.06 million, sale of equities totaling \$0.92 million and capital distribution amounting to \$0.06 million. An amount of \$1.95 million was generated on disposal of an investment property, Proceeds from issue of shares due to warrant conversion generated \$0.06 million. Further, during the year the Group had drawn down an amount of \$150.53 million from banks.

Of the above, an amount of \$0.74 million was used for rights subscription of which \$0.66 million was classified as financial assets, at FVTPL and \$0.08 million as financial assets, at FVOCI. In addition, an amount of \$0.31 million was reinvested under the Scrip Election scheme of which \$0.09 million was classified as financial assets, at FVTPL and \$0.22 million as financial assets, at FVOCI. The Group also purchased financial assets, at fair value through other comprehensive income worth \$ 18.84 million. Further, an amount of \$140.47 million was utilized to repay bank borrowings and \$3.40 million was used in dividend distribution.

Cash and cash equivalents at the end of the period i.e. 31 August 2020 was \$8.89 million while it was \$11.12 million at the beginning of the period i.e. 31 August 2019. Thus, there was a decrease of \$2.23 million through the year.

FINANCIAL POSITION AS AT 31 AUGUST 2020

Investment properties of the group in Singapore totaled \$156.67 million. In addition, \$20.21 million worth of property owned by the group in Malaysia was classified as Property, Plant and equipment because it was self-occupied. Thus the total value of the properties was \$176.88 million.

As at 31 August 2020, financial assets, at fair value through other comprehensive income comprised of shares valued at \$61.87 million while financial assets at fair value through profit or loss comprised of fixed income securities and equities valued at \$1.68 million and \$15.90 million respectively. There was a drop of \$13.18 million in the market value of financial assets, at fair value through other comprehensive income as at 31 August 2020 as compared to 31 August 2019 and this unrealized loss was taken directly to quoted securities reserve under equity. For financial assets, at fair value through profit or loss, there was an unrealised loss of \$4.19 million during the current financial year which was taken to the income statement.

Inventories at financial year ended 31 August 2020 totaled \$16.93 million of which \$15.29 million was gold stock.

WORKING CAPITAL

The Group had a positive working capital of \$10.12 million as at 31 August 2020 as compared to working capital of \$25.19 million as at 31 August 2019.

BANK BORROWINGS

As at 31 August 2020, the Group has short-term borrowings of \$31.10 million as compared to \$21.20 million as at prior year ended 31 August 2019. The gearing ratio of the Group was 0.09 at 31 August 2020 while it was 0.04 as at 31 August 2019.

SHARE CAPITAL

Share capital stood at \$138.31 million as at 31 August 2020 as compared to \$138.25 million as at 31 August 2019. The movement in share capital was due to exercise of warrants by shareholders. There were 755.27 million shares in float as at 31 August 2020 as compared to 755.03 million as at 31 August 2019. Total shareholders' equity stood at \$248.93 million and NTA per share was 32.96 cents as at 31 August 2020.

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

The full year results are in line with disclosures made in the previous announcement of results of the Group.

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

The ongoing pandemic has given rise to an unprecedented increase in economic uncertainties. Returning to pre-COVID era might not happen anytime soon and the Group will have to continue to adapt to the new challenges to ensure long term sustainability.

The apparel business remains under constant challenge posed by the increasing trend of online sales and intense competition. This coupled with the reduced consumer spending in current times is expected to adversely affect our apparel business.

If gold prices continue at present levels, we expect profitability to remain good.

The danger of a prolonged pandemic situation has made tenants cautious and they are shying away from making long term rental commitments. The strict safe distancing measures have resulted in lower footfall affecting our retail tenants.

Market forces, interest rates as well as government stimulus will continue to determine the performance of the financial instruments sector.

11. If a decision regarding dividend has been made

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

No

(b) (i) *Amount per share cents*

No

(ii) *Previous corresponding period cents*

Yes

Name of Dividend: Interim

Dividend type: Cash

Dividend Amount per share (in cents): 0.4 cents per ordinary share

Tax Rate: Tax exempt

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)*

Not Applicable

(d) The date the dividend is payable

Not Applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not Applicable

12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision.

No dividend has been declared or recommended by the Board of Directors of the company for the current financial year ended 31 August 2020 as the company has declared an interim dividend of 0.45 cent per ordinary share in the 1st half of FY 2020.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There were no interested person transactions for the full year under review. The Company does not have a general mandate from its shareholders for the interested person transaction.

PART II Additional information required for full year announcement

14. 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

Attached (Annexure A)

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

Segment Performance

APPAREL

Revenue was \$1.76 million in FY 2020 as compared to \$4.99 million in FY 2019. The revenue from this business segment decreased mainly as shops were closed during lockdown period in both Singapore and Malaysia. As a result, the group could not take advantage of festive season of Hari Raya which usually witnesses high sales volume.

The loss from this segment increased from \$0.14 million in the prior year to \$0.74 million in the current year.

GOLD

The revenue from this segment declined by \$0.65 million from \$15.06 million in FY 2019 to \$14.41 million in FY 2020.

The profit however increased from \$2.23 million in FY 2019 to \$3.41 million in FY 2020 due to higher gross profit margin in the current year.

PROPERTIES

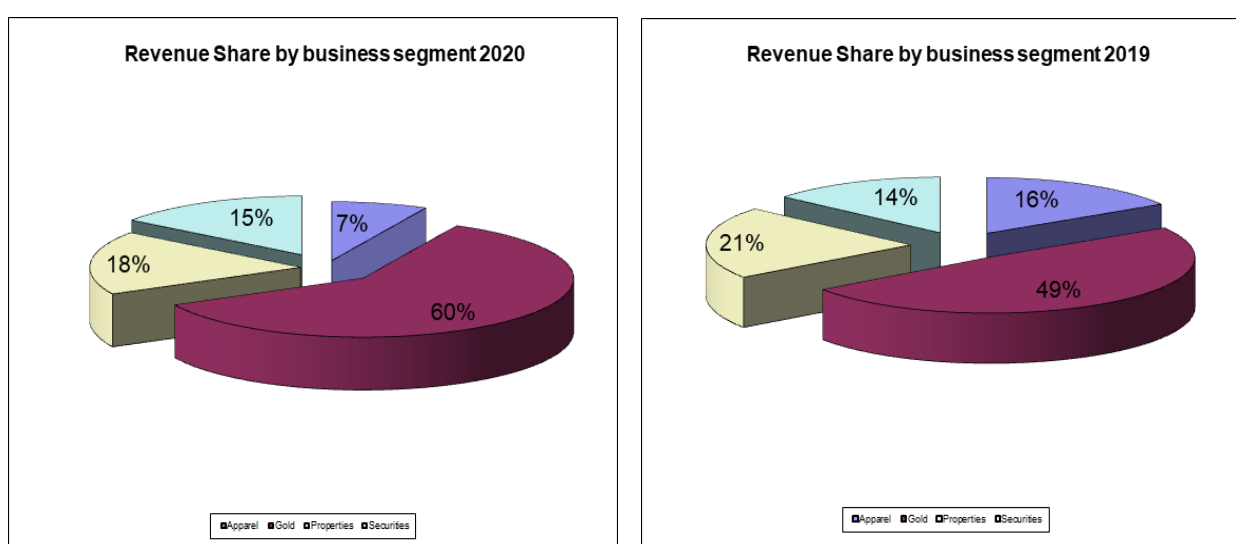
The properties business recorded a decrease in revenue of \$2.26 million in FY 2020 from \$6.46 million in FY 2019 to \$4.20 million in FY 2020. The decrease was mainly due to loss of rental income on account of rental waiver for 4 months given to tenants.

Earnings from the properties segment also decreased from \$3.97 million in FY 2019 to \$3.07 million in FY 2020. This was attributed mainly to lower rental income in current year. There was a revaluation loss of \$1.11 million in the current year as against revaluation loss of \$ 1.41 million in FY 2019. In addition, a profit of \$0.18 million was recorded on disposal of property in FY 2020 as compared to loss of \$0.27 million recorded in FY 2019.

QUOTED SECURITIES

The securities segment recorded a decrease in revenue of \$0.67 million from \$4.25 million in FY 2019 to \$3.58 million in FY 2020. This was mainly due to loss in coupon income from the bonds that were redeemed during the year.

This segment recorded a loss of \$0.44 million in current year as compared to profit of \$1.60 million in prior year. The decreased revenue from this segment together with the unrealised loss of \$4.19 million recorded on financial assets, at fair value through profit or loss i.e. the financial assets held for trading purpose in the current year as compared to an unrealised loss of \$2.65 million in the prior year contributed to lower profits from this segment.



16. A breakdown of sales as follows:-

	31/08/2020	31/08/2019	increase/ (decrease)
	\$ '000	\$ '000	%
	Group	Group	Group
Sales reported for first half year	13,522	13,480	0.31
Operating profit after tax reported for first half year	3,531	2,047	72.50
Sales reported for second half year	10,431	17,284	(39.65)
Operating profit after tax reported for second half year	914	2,699	(66.14)

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

	31-08-2020	31-08-2019
Ordinary	\$3,398,722	\$3,020,129
Preference	-	-
Total	\$3,398,722	\$3,020,129

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder or the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

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 positions held, if any, during the year
Mdm Aisamar Binte Kadil Mydin Syed Marikiah	73	Sister of Mr.Mohamed Salleh, CEO and substantial shareholder	Director in subsidiary – First Lady Apparels (Malaysia) Sdn Bhd. The position was first held in 2001.	Nil
Mr.Azhar Bin Abul Hasan	46	Nephew of Mr.Mohamed Salleh, CEO and substantial shareholder	Director in subsidiary – First Lady Apparels (Malaysia) Sdn Bhd. The position was first held in 2001.	Nil
Mr.Mohamed Amal Bin Mohamed Salleh Maricar	33	Son of Mr.Mohamed Salleh, CEO and substantial shareholder	Executive Director in subsidiary – First Lady Apparels (Malaysia) Sdn Bhd. Assisting the CEO in the Malaysian operations. The position was first held in 2010.	Nil

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers, in the format as set out in Appendix 7.7 pursuant to Rule 720(1).

On behalf of the Board of Directors

Mohamed Salleh
s/o Kadir Mohideen Saibu Maricar
CEO

Mohamed Hasan Marican
s/o Kadir Mohideen Saibu Maricar
Deputy CEO

28 October 2020