



SINGAPORE eDEVELOPMENT LIMITED

(Incorporated in Singapore)
(Company Registration No. 200916763W)

Unaudited Financial Statement for the Six Months Ended 30 June 2018

- 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

Consolidated Statement of Comprehensive Income	6/30/2018	6/30/2017	Increase/
	Unaudited	Unaudited	(Decrease)
	S\$'000	S\$'000	%
Revenue	10,298	6,214	66
Cost of sales	(9,093)	(5,226)	74
Gross profit	1,205	988	22
Other items of income			
Other income	1,196	129	827
Finance income	16	1	1,500
Other items of expense			
Marketing expenses	(135)	(93)	45
Research and Development	(572)	(467)	22
Administrative expenses	(3,987)	(4,193)	(5)
Finance costs	(79)	-	nm
Other expenses	(3,332)	(3,083)	8
Loss for the period	(5,688)	(6,718)	(15)
Attributable to:			
Owners of the Company	(5,244)	(6,298)	(17)
Non-controlling interests	(444)	(420)	6
Loss for the period	(5,688)	(6,718)	(15)
Other comprehensive income:			
Foreign currency translation	25	64	(61)
Other comprehensive income for the period, net of tax	25	64	(61)
Total comprehensive loss for the period	(5,663)	(6,654)	(15)
Total comprehensive loss attributable to:			
Owners of the Company	(5,324)	(5,899)	(10)
Non-controlling interests	(339)	(755)	(55)
Total comprehensive loss for the period	(5,663)	(6,654)	(15)

Notes to Consolidated Statement of Comprehensive Income		Group		
		6/30/2018	6/30/2017	Increase /
		Unaudited	Unaudited	(Decrease)
		S\$'000	S\$'000	%
Loss for the period is arrived at:				
After charging/(crediting):				
	Depreciation of property, plant and equipment	25	56	(55)
	Finance cost	79	-	nm
	Withholding tax expenses	335	626	(46)
	Unrealised foreign exchange losses/(gain)	(1,077)	2,459	(144)
	Net fair value loss/(gain) on financial assets	2,997	(58)	(5,267)
	Interest income	(16)	(1)	1,500

(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	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Balance Sheets				
Non-current assets				
Property, plant and equipment	132	154	9	14
Other Investment	465	490	-	-
	597	644	9	14
Current assets				
Trade and other receivables	924	1,584	100	107
Prepaid operating expenses	150	170	37	40
Properties under development	67,460	69,624	-	-
Properties held for sale	186	182	-	-
Investment securities	2,013	4,995	21	21
Due from Subsidiaries	-	-	63,945	59,506
Bank deposits pledged	3,597	3,528	-	-
Inventory	223	85	-	-
Cash and cash equivalents	1,044	1,708	141	408
	75,597	81,876	64,244	60,082
Total assets	76,194	82,520	64,253	60,096
Current liabilities				
Trade and other payables	26,872	24,145	15,111	11,982
Loans and borrowings	7,643	11,105	-	-
	34,515	35,250	15,111	11,982
Net current assets	41,082	46,626	49,133	48,100
Non-current liability				
Loans and borrowings	1,956	1,884	-	-
	1,956	1,884	-	-
Total liabilities	36,471	37,134	15,111	11,982
Net Assets	39,723	45,386	49,142	48,114
Equity attributable to owners of the Company				
Share capital	102,425	102,425	102,425	102,425
Other reserves	3,501	3,527	259	259
Foreign currency translation reserve	(100)	(46)	-	-
Accumulated losses	(67,872)	(62,628)	(53,542)	(54,570)
	37,954	43,278	49,142	48,114
Non-controlling interests	1,769	2,108	-	-
Total equity	39,723	45,386	49,142	48,114
Total equity and liabilities	76,194	82,520	64,253	60,096

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

	As at 6/30/2018 (Unaudited)		As at 12/31/2017 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand				
Floating Rate USD Loan - Ballenger Run	7,417	-	10,871	-
Floating Rate AUD Loan	226	-	234	-
Amount repayable in one year or less, or on demand	7,643	-	11,105	-
Amount repayable after one year				
Corporate Bond	1,956	-	1,884	-
	1,956	-	1,884	-
Total Loans and Borrowings	9,599	-	12,989	-

The outstanding loans of the Group as at 30 June 2018 are as follows:

- In November 2015, for the Ballenger Run project, the Group obtained a US\$8.0 (S\$10.7) million construction loan facility which was secured by a lien over the land related to the project and a cash deposit of US\$2.6 (S\$3.5) million and is repayable in full before 22 November 2018. The interest rate is based on one month LIBOR + 380 basis points adjusted monthly during the loan term until maturity, with a floor interest rate of 4.5% per annum. The terms have been modified in September 2017. The modification increased the maximum outstanding loan balance from US\$8.0 (S\$10.7) million to US\$11.0 (S\$14.7) million and extended the maturity date from 22 November 2018 to 31 December 2019. As of 30 June 2018, US\$5.4 (S\$7.4) million has been drawn down and remained outstanding. Prior to full settlement of the loan, the Group is required to make principal repayment equal to 95% of property sales. As the Group has started to generate revenue from property sales in 1H2018, the balance is classified under current liability.
- A\$0.6 (S\$0.6) million short-term loan was drawn down from an Australian financial institution for land purchases for development in Mandurah (South of Perth), Western Australia. In September 2017, one of the property has been sold and A\$0.4 (S\$0.4) million short-term loan has been repaid. As of 30 June 2018, the loan is secured by a mortgage against the land and personal guarantees from the CEO of the Company and the executive director of SeD Perth Pty. Ltd. The loan bears a variable interest rate, currently at 5.97% per annum, determined as a weighted average of various prevailing market rates and on 5 January 2017 the loan was renegotiated to be repayable on 31 December 2018.
- During FY2016, the Company through its Hong Kong subsidiary has issued a total of US\$1.5 (S\$2.0) million corporate bonds to external parties. The Company has recognised the corporate bonds net of transaction costs amounting to S\$0.2 million. The corporate bonds bear an interest rate of 8% per annum and are repayable in 3 years from the issue date. On maturity, the subscriber has an option to acquire a property built by SeD Home Inc. ("SeD Home") under the Black Oak Project. SeD Home shall facilitate the use of the monies due on maturity date as a sale consideration to acquire the property at cost price.

SeD Home and Mr. Chan Heng Fai have agreed to share the guarantee of the principal amount of the corporate bonds for a period of 3 years from the issue date up to US\$10.0 (S\$13.6) million and US\$5.0 (S\$6.8) million, respectively.

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

Consolidated Cash Flow Statement	6/30/2018	6/30/2017
	Unaudited	Unaudited
	S\$'000	S\$'000
Operating activities		
Loss before tax	(5,688)	(6,718)
Adjustments for:-		
Depreciation of property, plant and equipment	25	56
Withholding tax expense	335	626
Net fair value loss/(gain) on financial assets at fair value through profit and loss	2,997	(58)
Unrealised exchange (gain) / loss	(1,077)	2,459
Finance income	(16)	(1)
Finance costs	79	-
Total adjustments	2,343	3,082
Operating cash flows before changes in working capital	(3,345)	(3,636)
Changes in working capital:-		
Decrease in trade and other receivables	580	137
Decrease / (Increase) in prepaid operating expenses	20	(24)
Increase in inventory	(138)	(148)
Decrease / (Increase) in properties under development	4,134	(2,940)
Decrease in properties held for sales	-	1,479
Increase in trade and other payables	(366)	(255)
Cash flows generated from / (used in) operations	885	(5,387)
Interest received	16	1
Interest paid	(360)	(789)
Net cash flows generated from / (used in) operating activities	541	(6,175)
Investing activities		
Purchase of property, plant and equipment	(1)	(34)
Net cash inflow on acquisition of a subsidiary	-	(300)
Net cash flows used in investing activities	(1)	(334)
Financing activities		
Proceeds from loans and borrowings	-	872
Proceeds from issuance of ordinary shares pursuant to exercise of warrants	-	6,150
Proceeds from issuance of ordinary shares pursuant to conversion of HBD Loan	-	14,914
Share issuance expenses	-	(125)
Advances from director	2,676	-
Repayment of HBD Loan pursuant to conversion of HBD Loan	-	(14,914)
Repayments of loans and borrowings	(3,962)	-
Net cash (used in) / generated from financing activities	(1,286)	6,897
Net (decrease) / increase in cash and cash equivalents	(746)	388
Effect of exchange rate changes on cash and cash equivalent	82	-
Cash and cash equivalents at beginning of financial period	1,708	3,885
Cash and cash equivalents at end of financial period	1,044	4,273

- 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

The Group (Unaudited)	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Other reserves			Foreign currency translation reserve	Accum'd losses	Equity attributable to owners of the Company		
		Merger reserve	Other reserve	Share option reserve					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	102,425	1,480	1,788	259	(46)	(62,628)	43,278	2,108	45,386
Loss for the period	-	-	-	-	-	(5,244)	(5,244)	(444)	(5,688)
Foreign currency translation	-	-	-	-	(54)	-	(54)	105	51
Total comprehensive income (loss) for the period	-	-	-	-	(54)	(5,244)	(5,298)	(339)	(5,637)
Net change in fair value of available-for-sale financial asset	-	-	(26)	-	-	-	(26)	-	(26)
Balance at 30 June 2018	102,425	1,480	1,762	259	(100)	(67,872)	37,954	1,769	39,723
Balance at 1 January 2017	81,286	-	500	420	(136)	(56,069)	26,001	3,482	29,483
Loss for the period	-	-	-	-	-	(6,298)	(6,298)	(420)	(6,718)
Foreign currency translation	-	-	-	-	399	-	399	(335)	64
Total comprehensive income (loss) for the period	-	-	-	-	399	(6,298)	(5,899)	(755)	(6,654)
Issuance of new ordinary shares pursuant to conversion of HBD Loan	14,914	-	-	-	-	-	14,914	-	14,914
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	6,150	-	-	-	-	-	6,150	-	6,150
Share issuance expenses	(125)	-	-	-	-	-	(125)	-	(125)
Balance at 30 June 2017	102,225	-	500	420	263	(62,367)	41,041	2,727	43,768

The Company (Unaudited)	Share capital	Share option reserve	Accum'd losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	102,425	259	(54,570)	48,114
Loss net of tax, representing total comprehensive income for the period	-	-	1,028	1,028
Balance at 30 June 2018	102,425	259	(53,542)	49,142
Balance at 1 January 2017	81,286	420	(48,249)	33,457
Loss net of tax, representing total comprehensive income for the period	-	-	(1,770)	(1,770)
Issuance of new ordinary shares pursuant to conversion of HBD Loan	14,914	-	-	14,914
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	6,150	-	-	6,150
Share issuance expenses	(125)	-	-	(125)
Balance at 30 June 2017	102,225	420	(50,019)	52,626

Note:

- The Company has on 5 April 2017 completed the Proposed Conversion following the allotment and issuance of 372,855,000 Conversion Shares at the Conversion Price of S\$0.040 for each Conversion Share and the issuance of 1,864,275,000 free detachable 2017 Warrants, each carrying the right to subscribe for one (1) Exercised Share at an Exercise Price of S\$0.048 for each Exercised Share, on the basis of five (5) 2017 Warrants for every one (1) Conversion Share allotted and issued to Hengfai Business Development Pte. Ltd., an associate of Mr Chan Heng Fai, a Director and Controlling Shareholder of the Company.
- On 21 October 2016, 139,098,617 Rights Shares and 695,493,085 Warrants were allotted and issued by the Company pursuant to the renounceable non-underwritten rights issue at an issue price of S\$0.04 for each rights share, on the basis of one (1) rights share for every three (3) existing shares held by the shareholders of the Company as at the books closure date, and the issue of free detachable warrants, each carrying the right to subscribe for one (1) new ordinary

share at an exercise price of S\$0.04 for each exercised share, on the basis of five (5) warrants for every one (1) rights share subscribed for.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles as, 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.

(Please refer to paragraph 1(d)(i) above for information in relation to changes in the Company's share capital.)

	Number of shares	Share Capital (S\$'000)
As at 30 June 2017 (unaudited)	1,096,456,707	102,225
As at 30 June 2018 (unaudited)	1,101,456,707	102,425

Types of Convertibles	Number of Outstanding Convertibles	Number of Shares that may be issued on conversion of all outstanding convertibles
As at 30 June 2018		
1. Share Options under CSOS	1,592,000	1,592,000
2. 2016 Warrants	523,285,845	523,285,845
3. 2017 Warrants	1,864,275,000	1,864,275,000
As at 30 June 2017		
1. Share Options under CSOS	1,592,000	1,592,000
2. 2016 Warrants	528,285,845	528,285,845
3. 2017 Warrants	1,864,275,000	1,864,275,000

The Company does not have any treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of shares
As at 31 December 2017 (audited)	1,101,456,707
As at 30 June 2018 (unaudited)	1,101,456,707

The Company did not have any treasury shares as at 30 June 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have treasury shares during and as at the end of the current financial period reported on.

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. The Company does not have subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or 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.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the Group's most recently audited financial statements for the financial year ended 31 December 2017 ("FY2017"), except as disclosed in paragraph 5 below.

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.

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant to its operations and are effective for the financial periods beginning on or after 1 January 2018. The adoption of these new and revised SFRS (I) and INT FRS did not result in material adjustments to the Group's financial statements for the financial period ended 30 June 2018.

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

Loss Per Ordinary Share	Group	
	6/30/2018 (Unaudited)	6/30/2017 (Unaudited)
Loss net of tax attributable to the owners of the Company (\$'000)	(5,244)	(6,298)
Weighted average number of shares ('000)	1,101,457	846,095
Basic and diluted loss per ordinary share (Singapore cents)	(0.48)	(0.74)

The basic loss per ordinary share as at 30 June 2017 and 2018 was computed by dividing the loss net of tax attributable to owners of the Company by the weighted average number of ordinary shares.

† The basic and diluted loss per ordinary share are the same as the outstanding convertibles as at 30 June 2017 and 2018 and are anti-dilutive.

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

	Group		Company	
	30/6/2018 (Unaudited)	31/12/2017 (Audited)	30/6/2018 (Unaudited)	31/12/2017 (Audited)
Net Asset value per ordinary share (Singapore cents)	3.45	3.93	4.46	4.37

The net asset value per ordinary share as at 30 June 2018 and 31 December 2017 were computed based on the net assets and liabilities of the Group and the Company as at the end of the respective financial periods and based on 1,101,456,707 and 1,101,456,707 ordinary shares in issue as at the end of the respective financial period.

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

Review of Statement of Comprehensive Income

Six Months ended 30 June 2018 ("1H2018") vs Six Months ended 30 June 2017 ("1H2017")

The Group's operations comprise Property Development, Info-Tech Related, Investment and Biomedical Businesses.

In 1H2018,

- a. There is remaining one unit under the Property Development Business' home incubation project in El Tesoro, Houston, Texas, U.S. This unit is expected to be sold or leased out in 2H2018.
- b. Ballenger Run, the Group's U.S. project in Frederick County, Maryland, generated S\$8.3 million in revenue and S\$0.9 million in gross profit in 1H2018 from the sale of 50 single family lots.
- c. The Group acquired a 53% equity stake in U.S. company, iGalen International Inc., ("iGalen") to conduct the distribution of dietary and health supplements through network marketing. Sales income and gross profit in 1H2018 amounted to S\$1.9 million and S\$0.3 million.
- d. The Group generated S\$0.1 million revenue with S\$0.07 million gross profit from the IT related business.

Marketing expenses in 1H2018 was mainly due to the promotion of the iGalen networking marketing business, amounting to S\$0.1 million.

Administrative expenses decreased to S\$4.0 million in 1H2018 from S\$4.2 million in 1H2017 mainly due to decrease in corporate expense of S\$0.3 million, IT related business of S\$0.1 million and investment business of S\$0.2 million, offset by the increase in the administrative expenses of S\$0.4 million for the biomedical business.

Research and development expenditure were due to the expenses of S\$0.6 million associated with the biomedical business.

Other income was increased to S\$1.2 million in 1H2018 from S\$0.1 million in 1H2017. In 1H2018, the other income of S\$1.2 million comprised S\$1.1 million unrealised foreign exchange gains mainly arising from the appreciation of the U.S. Dollar in 1H2018 on U.S. Dollar-based assets relating to the U.S. Dollar denominated loan from the Company to its U.S. subsidiaries and S\$0.1 million front foot benefit fees¹. In 1H2017, the other income of S\$0.1 million was due to the fair value gain on marketable securities and the deposit forfeited by the customer.

Other expenses amounted to S\$3.3 million in 1H2018 comprising fair value loss on financial assets of S\$3.0 million and S\$0.3 million of withholding tax.

Depreciation decreased by S\$0.03 million due to the disposal of a number of fixed assets in the second half of 2017.

¹ We have established a front foot benefit assessment on all of the lots sold to NVR Inc. The front foot benefit assessment is a 30 year annual assessment allowed in Frederick County which requires homeowners to reimburse the Company for the costs of installing public water and sewer to the lots. The Company can realise the revenue from the assessments earlier by selling the rights to the assessments to investors.

Finance cost is due to the interest paid to the private bond holders arising from the corporate bond of US\$1.5 million.

**Review of Balance Sheet
As at 30 June 2018 vs 31 December 2017**

a) Property, plant & equipment

The Group purchased additional fixed assets totalling S\$0.001 million in 1H2018. The Group's fixed assets depreciated by S\$0.03 million during 1H2018.

b) Other investment

The Group has an investment in Global Opportunity Fund ("GOF"), managed by Hengfai Asset Management Pte Ltd ("HFAM") amounting to S\$0.4 million and has an investment in a US-listed company amounting to S\$0.1 million.

c) Trade and other receivables and prepaid operating expenses

Trade and other receivables and prepaid operating expenses decreased to S\$1.1 million as at 30 June 2018 from S\$1.8 million as at 31 December 2017 mainly due to the receipt of S\$0.7 million from the disposal of properties in FY2017.

d) Properties under development

The Group's properties under development in the U.S. include Black Oak in Houston, Texas and Ballenger Run in Frederick, Maryland. The Group also has a property under development in Mandurah, Western Australia.

Related costs comprised land purchase costs and other costs such as project financing, project management, development and construction.

Properties under development decreased by \$2.2 million in 1H2018 was mainly due to the disposal of properties amounting to S\$7.0 million, offset by the additional development and financing costs of S\$3.3 million and translation gain of S\$1.5 million.

e) Property held for sales

The Group acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, for resale in FY2015. As at 30 June 2018, one unit remain on hand.

f) Investment securities

The Group has invested in shares in a U.S. listed company with the market value of S\$0.9 million as at 30 June 2018.

A promissory note from a company listed in the U.S. OTC market has been received for providing consulting services in FY2016 and it has been converted into shares in FY2017 with the market value of S\$1.1 million as at 30 June 2018.

The decrease in S\$3 million is due to the fair value loss in 1H2018.

g) Bank deposits pledged

The deposit pledged is related to a US\$2.6 (S\$3.5) million collateral put up for the US\$8 million construction loan for Ballenger Run project.

h) Inventory

The increase in inventory amounting to S\$0.1 million related to the distribution of the biomedical product through the network marketing platform in 1H2018.

i) Trade and other payables

Trade and other payables increased marginally to S\$26.9 million in 1H2018 mainly due to increase in amount due to a director of S\$2.7 million, increase in accrued corporate expenses of S\$0.4 million and increase in payables relating to network marketing business of S\$0.9 million, offset by the decrease in payables relating to the property business of S\$1.3 million.

j) Loans and borrowings

Loans and borrowings decreased to S\$7.6 million in 1H2018 from S\$11.1 million in FY2017 mainly due to the repayment of loan from the proceed of disposal of properties.

k) Working capital

The decrease of S\$5.5 million in working capital relates to the decrease in current assets and current liabilities amounting to S\$6.2 million and S\$0.7 million respectively.

The current assets movement is mainly attributed to the decrease in trade and other receivable of S\$0.6 million, S\$2.2 million in properties under development, S\$3.0 million in investment securities and S\$0.6 million in cash and cash equivalents, offset by the increase in bank pledged deposit of S\$0.1 million and the increase in Inventory of S\$0.1 million.

The current liabilities movement is mainly attributed to the decrease in loans and borrowings amounting to S\$3.4 million, offset by the increase in trade and other payables of S\$2.7 million.

Review of Consolidated Cash Flow Statement

Cash and cash equivalents decreased by S\$0.6 million to S\$1.1 million in 1H2018 from S\$1.7 million in FY2017.

Operating Activities

Net cash generated from operating activities amounted to S\$0.5 million in 1H2018 as compared to net cash used in operating activities of S\$6.2 million in 1H2017. The Group had a net cash outflow of S\$3.3 million from its operating activities before changes in working capital. This mainly relates to the loss before tax of S\$5.7 million and the adjustments of the non-cash items including S\$3.0 million fair value loss on financial assets and S\$0.3 million withholding tax expense, offset by S\$1.0 million foreign exchange gain due to the appreciation of the US dollar.

The decrease in working capital of S\$4.2 million is mainly due to the S\$4.1 million decrease in properties under development and S\$0.6 million decrease in trade and other receivables, offset by the S\$0.1 million increase in inventory and S\$0.4 million increase in trade and other payables. All the changes were subjected to the effect of the exchange differences.

Interest Paid

The decrease in interest payment is mainly due to the full repayment of the short-term construction loan of US\$6.0 for Black Oak project in 1 October 2017.

Investing Activities

Net cash used in investing activities amounted to S\$0.001 million relating to purchase of fixed assets.

Financing Activities

Net cash used in financing activities for 1H2018 amounted to S\$1.3 million due to:

- (i) The cash advance from a director of S\$2.7 million; and
- (ii) the repayment of loan of S\$4.0 million for the Ballenger Run project.

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

The Group had on 8 August 2018 issued a performance guidance announcement cautioning shareholders that the Group expects to report a loss for 1H2018.

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.

Subsequent to the Corporate and Business Update on 18 June 2018, the Group has advanced on several initiatives to accelerate corporate recovery and enhance shareholder value.

International Property Development

Construction activities at the Group's two U.S. land subdivision projects, Ballenger Run and Black Oak, are progressing.

For the Ballenger Run project, sales of single family home lots have continued in accordance with the lot purchase agreements signed with NVR Inc. In addition, as per the announcement dated 13 August 2018 we completed the sale of the Ballenger Run multi-family parcel with Orchard Development Corporation and received revenue of US\$5,250,000. Going forward, we expect continued sale of single family home lots and continue to look for a purchaser for the continuing care retirement community parcel of Ballenger Run.

For the Black Oak project, on July 3, 2018 150 CCM Black Oak LP (the "Black Oak LP") entered into a Purchase and Sale Agreement with Houston LD, LLC for the sale of 124 lots located at its Black Oak project. The transaction is currently in the inspection period and the closing of the transactions contemplated by the Purchase and Sale Agreement are subject to Houston LD, LLC completing due diligence to its satisfaction. Houston LD, LLC may cancel or terminate the Purchase and Sale Agreement at any time during this inspection period. The Group will further update on this transaction when material events occur.

As announced on 30 July 2018, the Group was reimbursed US\$4,592,079.59 from the Harris County Improvement District 17 ("HC17") for previous expenses incurred by Black Oak LP in the development and installation of infrastructure within the Black Oak project. Out of this amount, US\$1,650,000 was placed into a Construction Fund which will be released by HC17 upon completion of certain conditions related to the development of the Black Oak project.

Development work continues on critical infrastructure for Black Oak. The Group is focused on improving the cashflow of the project by sourcing financing, securing sales contracts, and seeking further infrastructure reimbursements from the relevant improvement district.

Biomedical Business

Following the shareholders' approval on 24 January 2017 to diversify into the biomedical science, healthcare and biotechnology industries the Group incorporated Global BioLife Inc. ("Global BioLife") on 2 May 2017 to carry out its biomedical activities.

Advanced research has been initiated by Daryl Thompson and his team at Global Research Discovery Group (GRDG), the research partner in Global Biolife Inc for the various products below:

The Linebacker platform is a new universal therapeutic drug platform that seeks to offer a breakthrough option for multiple diseases. The Linebacker intellectual properties have since been assigned to Global BioLife. Initial research has shown very promising results. Testing with Charles River Laboratories has been completed and we are now moving to an active pre-commercialisation phase. We have also engaged Destum Partners, Inc., a premier advisory and consulting firm in the biopharmaceutical and life sciences industry, to focus on licensing Linebacker.

Laetose, is a breakthrough low-calorie, low glycemic index, natural, modified sugar which has the potential to affect the world's sugar market. Laetose is a functional sugar that

possesses low glycemic properties which also assists in mitigating inflammatory responses. Global BioLife has established a collaboration with Quality Candy Company LLC ("QCC") for the development, manufacture and global distribution of Laetose.

Functional Fragrance Formulation ("3F") is a suite of functional fragrances developed for industrial and medical applications to fight mosquito-borne diseases. Global BioLife has formed a working collaboration with Chemia Corporation ("Chemia"), a speciality manufacturer specialising in high quality, cost effective fragrances to manufacture personal care, household, industrial and institutional products. Together with Chemia, we have developed a 3F anti-viral spray which have received positive results. We are currently in talks with major corporations on licensing the potential of 3F technologies.

LB2 Drug is displaying efficacy in combating Ebola. Ebola is a severe viral disease transmitted from wild animals to human beings through physical contact, then spreads through human to human contact. LB2 Drug has displayed efficacy at a much lower dose than the only widely used therapeutic agent for Ebola infection. LB2 Drug demonstrates similar broad efficacy against SARS, MERS, H5N1 Avian Bird Flu, MRSA and Cholera. We are very encouraged by this result and will continue to forge forward with our research efforts to see results of the LB2 Drug against ZIKA, Malaria and the influenza pandemic.

Our biomedical team is relentless in our efforts for breakthrough results and will continue to work on pre-clinical testing against an array of diseases, including Alzheimer's and Parkinson's disease, to generate validating laboratory data.

As announced on 14 February 2017, the Group acquired a 53%-stake in iGalen to conduct the distribution of dietary and health supplements through network marketing. The company has expanded since into Philippines, Malaysia and plans to enter Australia and New Zealand soon.

The company intends to launch more products to add on to its flagship EMULIN range. iGalen is constantly seeking to develop innovative and quality products and will unveil its new products regularly which will vastly increase its sales revenue through its wide network of distributors worldwide.

IT-Related Businesses

During the first Half of 2018, HotApp Blockchain Inc. (the "Hotapp") has successfully implemented two key projects, which includes an outsourcing arrangement with Document Security Systems Inc. for development of brand protection system and mobile applications. In addition, HotApp also involved in a contract development service with a machinery rental and eCommerce operation and its service will be launched second half of 2018.

During the period, HotApp has also been able to continue to control their expense and keep the focus in business to business mobile commerce activities.

The IT division will continue to explore further streamlining of operations to control expense and identify strategic alliances for business development.

Investment Business

The company has invested in two US listed companies shares and the company will continue to explore potential investment in the coming year.

11. Dividend

If a decision regarding dividend has been made:-

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

None.

(b) (i) Amount per share cents

Not applicable.

(b) (ii) Previous corresponding period cents

Not applicable.

(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 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for financial period ended 30 June 2018.

13. Update on use of proceeds

Utilisation of Net Proceeds from US\$1.5 million Corporate Bonds

The net proceeds from the issuance of the US\$1.5 million corporate bonds announced by the Company on 11 November 2016 of approximately US\$1.3 million (the "Net Proceeds") have been partially utilised to fund the Black Oak projects in the USA. Accordingly, as at the date of this announcement, the utilisation of Net Proceeds is set out below:

Use of Net Proceeds	Percentage allocation	Utilised (US\$'000)	Unutilised (US\$'000)
Black Oak project in the U.S.	100%	1,259	77
Total	100%	1,259	77

14. Interested Person Transactions (unaudited) – 1H2018

Mr Chan Heng Fai had provided a personal guarantee in FY2014 for the short-term loan of A\$0.63 million from an Australian financial institution for the Mandurah development in Perth.

Mr Chan Heng Fai had provided a personal guarantee in FY2016 for the bonds issuing from SeD Home Ltd to investors up to US\$5 million.

No general mandate for IPT from the shareholders of the Company has been sought.

15. Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group comprising the balance sheets (Group and Company), consolidated statement of comprehensive income, statement of changes in equity (Group and Company) and consolidated statement of cash flows and the accompanying notes for the financial period ended 30 June 2018 to be false or misleading in any material respect.

16. Undertaking confirmation pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director & CEO
14 August 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor Hong Leong Finance Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Tang Yeng Yuen, VP, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone: +65 6415-9886.