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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 31 March 2018 ("1Q 2018")

	Group		
	1Q 2018 S$'000	1Q 2017 S$'000	Change %
Revenue	**212,390**	**140,882**	**51%**
Materials and subcontract costs	(156,302)	(101,985)	**53%**
Employee benefits	(12,832)	(11,811)	**9%**
Depreciation and amortisation	(1,466)	(1,225)	**20%**
Finance costs	(7,142)	(6,371)	**12%**
Other operating expenses	(28,516)	(17,325)	**65%**
Interest income	2,883	2,221	**30%**
Rental income	660	691	**-4%**
Other income	2,594	4,640	**-44%**
Share of results of associates and a joint venture	579	859	**-33%**
Profit before tax	**12,848**	**10,576**	**21%**
Taxation	(3,757)	(2,640)	**42%**
Profit for the period	**9,091**	**7,936**	**15%**
Other comprehensive income			
Net fair value changes of available-for-sale financial assets	(2,719)	4,115	**n.m**
Foreign currency translation	(6,872)	4,072	**n.m**
Share of other comprehensive income of a joint venture	2,552	(1,715)	**n.m**
Other comprehensive income for the period, net of tax	**(7,039)**	**6,472**	**n.m**
Total comprehensive income for the period	**2,052**	**14,408**	**-86%**
<u>Profit attributable to:</u>			
Owners of the Company	7,641	6,342	**20%**
Non-controlling interests	1,450	1,594	**-9%**
	9,091	**7,936**	**15%**
<u>Total comprehensive income attributable to:</u>			
Owners of the Company	2,480	12,184	**n.m**
Non-controlling interests	(428)	2,224	**-119%**
	2,052	**14,408**	**n.m**
Earnings per ordinary share (cents)			
-Basic	**0.39**	**0.33**	**20%**
-Diluted	**0.39**	**0.33**	**20%**

Other information :-

	Group		
	1Q 2018 S$'000	1Q 2017 S$'000	Change %
Amortisation of intangible assets and prepaid rent	(190)	(141)	35%
Write back of/(impairment loss) for investment securities	1,786	(363)	n.m
Depreciation of property, plant and equipment	(1,276)	(1,084)	18%
Net foreign exchange (loss)/gain	(5,871)	4,246	n.m
Manufacturing and melting loss	(172)	(139)	24%
Property, plant and equipment written off	(256)	(103)	149%

n.m - means "not meaningful"

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

NOTES:

1a. Depreciation of fixed assets in retail outlets is computed on a straight-line basis over 3 to 5 years.

1b. The Group recognises all inventory, including trade-in stock and sales return stock at their cost values. For finished stocks aged 2 years and above, partial provisions for stock obsolescence were made to take into consideration labour costs for designing and rework.

1c. The increase in materials and subcontract costs in 1Q 2018 was due to the higher revenue for the overseas real estate and financial service businesses.

1d. The increase in employee benefits for 1Q 2018 was mainly due to increase in number of employees and staff costs for the financial service business.

1e. The increase in finance cost for 1Q 2018 was mainly attributable to higher loan and interest accrued for multicurrency medium term notes issued by its subsidiary, Maxi-Cash Financial Services Corporation Ltd ("MCFS").

1f. Higher other operating expenses in 1Q 2018 were mainly due to higher holding costs incurred for properties held for sale and amortisation of sales commission based on settlements by purchasers in overseas real estate business; and net foreign currency exchange loss for financial service and real estate businesses, partially offset by decrease in sales, marketing and rental expenses for the jewellery business.

1g. Lower other income in 1Q 2018 was due to foreign exchange gain in 1Q 2017.

1h. The decrease in share of results of associates and a joint venture in 1Q 2018 was mainly due to lower profit from share of profit from a joint venture.

1i. Higher effective tax rate in 1Q 2018 was mainly due to higher tax expense for overseas real estate business.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Mar-18 S$'000	31-Dec-17 S$'000 (Restated)	31-Mar-18 S$'000	31-Dec-17 S$'000
Non-current assets				
Property, plant and equipment	81,551	75,511	297	398
Intangible assets	7,311	7,456	283	299
Investment properties	60,937	60,566	-	-
Investment in subsidiaries	-	-	223,737	210,738
Investment in associates	22,223	22,086	-	-
Investment in joint ventures	33,377	30,316	5,000	5,000
Investment securities	6,008	4,508	-	-
Trade and other receivables	47,757	49,018	-	-
Prepayments	7,597	8,538	-	-
Deferred tax assets	5,431	8,430	-	-
	272,192	**266,429**	**229,317**	**216,435**
Current assets				
Inventories	132,966	133,781	-	-
Development properties	923,598	941,195	-	-
Properties held for sale	32,668	22,313	-	-
Trade and other receivables	297,124	309,310	328	62
Prepaid rent	-	-	-	-
Prepayments	7,896	8,959	535	600
Due from subsidiaries (non-trade)	-	-	284,305	287,389
Due from a joint venture (non-trade)	84,361	84,517	84,353	84,570
Due from associates (non-trade)	1,259	1,305	-	-
Investment securities	185,159	177,817	-	-
Cash and bank balances	169,102	54,888	271	448
	1,834,133	**1,734,085**	**369,792**	**373,069**
Total assets	**2,106,325**	**2,000,514**	**599,109**	**589,504**
Current liabilities				
Trade and other payables	71,737	66,644	5,155	2,282
Due to subsidiaries (non-trade)	-	-	117,155	109,019
Due to an associate (non-trade)	2,140	2,360	-	-
Provision for taxation	4,206	3,790	129	154
Term notes and bonds	98,000	98,000	100,000	100,000
Interest-bearing loans and borrowings	720,268	679,159	-	-
	896,351	**849,953**	**222,439**	**211,455**
Net current assets	**937,782**	**884,132**	**147,353**	**161,614**
Non-current liabilities				
Interest-bearing loans and borrowings	217,318	165,899	-	-
Term notes and bonds	541,500	541,500	123,500	123,500
Other payables	3,324	2,708	-	-
Deferred tax liabilities	15,494	13,706	59	80
	777,636	**723,813**	**123,559**	**123,580**
Total liabilities	**1,673,987**	**1,573,766**	**345,998**	**335,035**
Net assets	**432,338**	**426,748**	**253,111**	**254,469**
Equity attributable to shareholders of the Company				
Share capital	226,930	226,930	226,930	226,930
Treasury shares	(2,589)	(2,589)	(2,589)	(2,589)
Other reserves	22,470	22,241	1,413	1,413
Revenue reserves	87,273	90,428	27,357	28,715
	334,084	**337,010**	**253,111**	**254,469**
Non-controlling interests	98,254	89,738	-	-
Total equity	**432,338**	**426,748**	**253,111**	**254,469**
Net asset value per ordinary share (in cents)	**17.25**	**17.40**	**13.07**	**13.14**

2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2a. - Review of Financial Position

Group shareholders' funds increased from S$426.7 million as at 31 December 2017 to S$432.3 million as at 31 March 2018. This was mainly due to an increase in non-controlling interests, partially offset by a decrease in revenue reserves. The decrease in revenue reserves was mainly due to the effect of adopting Singapore Financial Reporting Standards (International) 9 - Financial Instruments.

The Group's total assets of S$2,106.3 million as at 31 March 2018 was S$105.8 million higher than that as at 31 December 2017. The increase was mainly due to the increase in cash and bank balances, properties held for sale, investment securities, property, plant and equipment and investment in joint ventures, partially offset by decrease in development properties, trade and other receivables, deferred tax assets and prepayments. The increase in cash and bank balances was mainly due to sales proceeds from the settlement of first stage completion of Avant project in Melbourne, Australia and the balance amount not utilised from the issuance of the third and final tranche of Avant Notes, partially offset by the payment of development expenditures for on-going projects. The decrease in development properties was mainly due to the first stage completion of Avant project and the reclassification of completed Malaysia properties to properties held for sale, partially offset by on-going construction costs, interest costs and development expenditures. The decrease in trade and other receivables was mainly attributable to receipts from the issuance of title for Waterfront@Faber project in December 2017 and the scheduled repayment of secured lending for the financial service business. The increase in property, plant and equipment was mainly due to the acquisition of a leasehold property for financial service business.

The Group's total liabilities of S$1,674.0 million as at 31 March 2018 was S$100.2 million higher than that as at 31 December 2017. The increase was largely due to increase in interest-bearing loans and borrowings, trade and other payables and deferred tax liabilities. The increase in interest-bearing loans and borrowings was mainly due to the issuance of the third and final tranche of the Avant Notes and the drawdown of construction loans for overseas real estate projects.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	1Q 2018 S$'000	1Q 2017 S$'000
Operating activities		
Profit before tax	12,848	10,576
Adjustments for:		
Property, plant and equipment written off	256	103
Depreciation of property, plant and equipment	1,276	1,084
Impairment loss on investment in an associate	5	-
(Write back of)/impairment loss on investment securities	(1,786)	363
Loss on disposal of investment securities	656	151
Write down of inventories	-	189
Interest expense	6,511	5,811
Interest income	(2,883)	(2,221)
Amortisation of prepaid rent	-	13
Amortisation of intangible assets	190	128
Amortisation of prepaid commitment fees	631	616
Amortisation of premium on multicurrency medium term notes	(13)	-
Listing expenses of a subsidiary	-	494
Share of results of associates and a joint venture	(417)	(859)
Unrealised foreign exchange differences	6,016	(4,133)
Operating profit before changes in working capital	**23,290**	**12,315**
Decrease/(increase) in:		
Inventories	815	3,999
Development properties	4,431	(29,235)
Properties held for sale	(9,757)	137
Trade and other receivables	12,985	14,538
Prepayments	402	(3,269)
Increase/(decrease) in:		
Trade and other payables	6,374	(2,074)
Net cash flows generated from/(used in) operations	**38,540**	**(3,589)**
Interest paid	(11,881)	(14,334)
Interest received	11	-
Income taxes paid	(198)	(1,077)
Net cash flows generated from/(used in) operating activities	**26,472**	**(19,000)**
Investing activities		
Purchase of property, plant and equipment	(7,881)	(1,140)
Proceeds from sale of property, plant and equipment	313	-
Addition to intangible assets	(45)	-
Interest received	1,079	486
Purchase of investment securities	(53,980)	(7,124)
Proceeds from disposal of investment securities	42,759	19,277
Due (from)/to associates (non-trade), net	(174)	2,800
Due to/(from) a joint venture (non-trade), net	155	(1,361)
Net cash flows (used in)/generated from investing activities	**(17,774)**	**12,938**
Financing activities		
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	6,302	-
Repayment of term notes	-	(55,750)
Proceeds from term loans	93,938	230,879
Repayment of term loans	(9,734)	(163,682)
Proceeds from short-term bank borrowings, net	15,228	20,685
Repayment of finance lease obligations	(18)	(12)
Listing expenses paid by a subsidiary	-	(581)
Net cash flows generated from financing activities	**105,716**	**31,539**
Net increase in cash and cash equivalents	114,414	25,477
Cash and cash equivalents at beginning of period	54,888	70,284
Effects of exchange rate changes on cash and cash equivalents	(200)	(146)
Cash and cash equivalents at end of period	**169,102**	**95,615**

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Cash and cash equivalents

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

	1Q 2018 S$'000	1Q 2017 S$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	12,062	22,581
Cash at bank	157,040	73,034
Cash and cash equivalents	**169,102**	**95,615**

3a. - Cashflow Analysis

Net cash generated from operating activities for 1Q 2018 was S$26.5 million compared to net cash used in operating activities of S$19.0 million for 1Q 2017. This was mainly attributable to decrease in trade and other receivables, development properties and increase in trade and other payables, partially offset by increase in properties held for sale. The decrease in development properties was mainly due to the settlement of the first stage of Avant project and the reclassification of completed Malaysia properties to properties held for sale, partially offset by the on-going construction costs, interest costs and development expenditures. The decrease in trade and other receivables was mainly attributable to receipts from the issuance of title for Waterfront@Faber project in December 2017 and the scheduled repayment of secured lending for the financial service business.

Net cash used in investing activities of S$17.8 million in 1Q 2018 was largely attributable to purchase of investment securities (net) and the acquisition of a leasehold property.

Net cash generated from financing activities was S$105.7 million compared to S$31.5 million in 1Q 2017. This was due largely to increase in term loans, short-term bank borrowings and proceeds from rights issue by its subsidiary, MCFS.

As a result, cash and cash equivalents increased to S$169.1 million as at 31 March 2018 from S$54.9 million as at 31 December 2017.

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 2018						
- as previously reported	226,930	(2,589)	96,231	16,438	89,738	426,748
- Effect of adopting SFRS(I) 1	-	-	(5,803)	5,803	-	-
- Effect of adopting SFRS(I) 9	-	-	(10,690)	8,933	-	(1,757)
- as restated	**226,930**	**(2,589)**	**79,738**	**31,174**	**89,738**	**424,991**
Profit for the period	-	-	7,641	-	1,450	**9,091**
Other comprehensive income for the period						
Net gain on fair value changes of available-for-sale financial assets	-	-	-	(2,412)	(307)	**(2,719)**
Foreign currency translation	-	-	-	(5,301)	(1,571)	**(6,872)**
Share of other comprehensive income of a joint venture	-	-	-	2,552	-	**2,552**
Other comprehensive income, net of tax	-	-	-	(5,161)	(1,878)	**(7,039)**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests in a listed subsidiary without a change in control	-	-	-	(3,727)	2,720	**(1,007)**
Premium on dilution of interest in subsidiaries	-	-	-	253	-	**253**
Change in ownership interest in subsidiaries without a change in control	-	-	(106)	5	(152)	**(253)**
Capital contribution from non-controlling interests	-	-	-	(74)	6,376	**6,302**
Total changes in ownership interests in subsidiaries	-	-	(106)	(3,543)	8,944	**5,295**
Balance as at 31 March 2018	**226,930**	**(2,589)**	**87,273**	**22,470**	**98,254**	**432,338**
Balance as at 1 January 2017						
- as previously reported	226,152	(2,589)	93,755	(5,329)	64,881	376,870
- Effect of adopting SFRS(I) 1	-	-	(5,803)	5,803	-	-
- as restated	**226,152**	**(2,589)**	**87,952**	**474**	**64,881**	**376,870**
Profit for the period	-	-	6,342	-	1,594	**7,936**
Other comprehensive income for the period						
Net gain on fair value changes of available-for-sale financial assets	-	-	-	4,115	-	**4,115**
Foreign currency translation	-	-	-	3,442	630	**4,072**
Share of other comprehensive income of a joint venture	-	-	-	(1,715)	-	**(1,715)**
Other comprehensive income, net of tax	-	-	-	5,842	630	**6,472**
Balance as at 31 March 2017	**226,152**	**(2,589)**	**94,294**	**6,316**	**67,105**	**391,278**

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 2018	**226,930**	**(2,589)**	**28,715**	**1,413**	**-**	**254,469**
Loss for the period, representing total comprehensive income for the period	-	-	(1,358)	-	-	**(1,358)**
Balance as at 31 March 2018	**226,930**	**(2,589)**	**27,357**	**1,413**	**-**	**253,111**
Balance as at 1 January 2017	**226,152**	**(2,589)**	**29,444**	**1,413**	**-**	**254,420**
Loss for the period, representing total comprehensive income for the period	-	-	(639)	-	-	**(639)**
Balance as at 31 March 2017	**226,152**	**(2,589)**	**28,805**	**1,413**	**-**	**253,781**

5. CHANGES IN SHARE CAPITAL

	Company	
	No. of shares '000	S$ '000
Issued and fully paid share capital (excluding treasury shares)		
Balance at 1 January and 31 March 2018	1,936,491	224,341

6. CHANGES IN TREASURY SHARES

There were no (31 March 2017: nil) treasury shares transferred to employees under the Aspial Share Award Scheme during the financial period.

	Company	
	No. of shares '000	S$ '000
Balance at 1 January and 31 March 2018	9,405	2,589

7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The company does not have any subsidiary holdings.

8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 31-Mar-18		As at 31-Dec-17	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
720,268	98,000	679,159	98,000

Amount repayable after one year

As at 31-Mar-18		As at 31-Dec-17	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
217,318	541,500	165,899	541,500

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 disclose in the paragraph 11 below, the Group has applied the same accounting policies and methods of computation in the first quarter results announcement for the current financial period ended 31 March 2018 as those of the audited financial statements for the financial year ended 31 December 2017.

The adoption of other Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) relevant to the Group’s operations which are effective for annual periods beginning on 1 January 2018 does not have a material impact on the financial statements.

11. CHANGES IN THE ACCOUNTING POLICIES

The Group has adopted SFRS(I) on 1 January 2018. Accordingly, the Group has elected the following relevant optional exemption provided in SFRS(I) 1-First-time Adoption of SFRS(I) and has adopted SFRS(I) 9 - Financial Instruments.

SFRS(I)1 First-time Adoption of SFRS(I)

The Group does not elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, except for its joint venture, which has elected the option to deem the cumulative translation differences for foreign operations to be zero and has reclassified the amount in foreign currency translation reserve at the date of transition to opening retained earnings. As a result, cumulative translation losses of S$5,803,000 was reclassified from foreign exchange translation account to revenue reserves as at 1 January 2017.

SFRS(I)9 Financial Instruments

The Group has adopted the expected credit loss requirements in SFRS(I) 9 on the required effective date without restating prior periods' information and recognised any difference between the previous carrying amount as at the end of previous reporting period and the carrying amount as at the beginning of the current reporting period in the opening revenue reserves. As a result, cumulative fair value losses of S$10,763,000 was reclassified from fair value reserve and deferred tax assets accounts to revenue reserves as at 1 January 2018.

12. EARNINGS PER SHARE

	Group	
	1Q 2018 cents	1Q 2017 cents
i) Basic earnings per share	0.39	0.33
ii) Diluted earnings per share	0.39	0.33
-Weighted average number of shares (excluding treasury shares) ('000)	1,936,491	1,933,498

13. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
Net asset value per ordinary share (in cents)	17.25	17.40	13.07	13.14
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,936,491	1,936,491	1,936,491	1,936,491

14. VARIANCE FROM FORECAST STATEMENT

No forecast for the period ended 31 March 2018 was previously provided.

15. REVIEW OF CORPORATE PERFORMANCE

The Group posted strong revenue growth in 1Q 2018. Revenue grew by 50.8% to S$212.4 million. Revenue from the Real Estate Business increased by 96.9% from S$67.9 million in 1Q 2017 to S$133.7 million in 1Q 2018. The increase in revenue was contributed by the progress recognition of sales from CityGate and revenue from the settlement and handover of completed residential units for Avant project in Melbourne, Australia.

The Financial Service Business delivered another quarter of solid growth in 1Q 2018. Revenue increased by S$8.7 million or 19.7% from S$44.1 million in 1Q 2017 to S$52.8 million in 1Q 2018, driven by higher interest income from its pawnbroking and secured lending businesses and higher sales from the retail and trading of jewellery and branded merchandise business. The Group continues to strengthen its leadership position in Singapore with its largest network of pawnshops and pledge book.

The Jewellery Business recorded an improvement in revenue despite a smaller retail network. Revenue increased by 2.6% from S$30.2 million to S$31.0 million in 1Q 2018 mainly due to increase in sales from its new gold bullion shops.

The Group's pre-tax profit increased by S$2.2 million or 20.8% from S$10.6 million in 1Q 2017 to S$12.8 million in 1Q 2018. The higher pre-tax profit was achieved despite net foreign exchange loss of S$5.9 million.

The Real Estate Business recorded a pre-tax profit of S$11.6 million as compared to S$8.8 million for 1Q 2017. The higher pre-tax profit was mainly due to the higher profit contributions from CityGate project and Avant project partially offset by foreign exchange loss. Excluding the net foreign exchange loss of S$3.7 million in 1Q 2018, the pre-tax profit would have been S$15.3 million.

The Financial Service Business was also affected by foreign exchange loss. Although the pawnbroking business, secured lending business and retail and trading of jewellery and branded merchandise continued to record higher pre-tax profits in 1Q 2018, the secured lending business was affected by foreign exchange loss. Pre-tax profit for 1Q 2018 was S$2.6 million as compared to S$3.5 million in 1Q 2017. Excluding the net foreign exchange loss of S$2.2 million, the pre-tax profit would have been S$4.8 million in 1Q 2018.

The Jewellery Business reported a pre-tax loss of S$1.7 million which was comparable with 1Q 2017. The reduction in operating expenses due to the smaller retail network was fully offset by one-off costs for the termination of leases and loss incurred by its bullion business.

The share of profit from a joint venture decreased by S$0.6 million to S$0.4 million in 1Q 2018. This was mainly due the lower profit from its 50:50 joint venture company, AF Corporation Pte Ltd, which holds 83.49% of the issued shares of AF Global Limited.

On the Group level, excluding the net foreign exchange loss of S$5.9 million in 1Q 2018 and net foreign exchange gain of S$4.2 million in 1Q 2017, the pre-tax profit would have been S$18.7 million in 1Q 2018 as compared to S$6.4 million in 1Q 2017.

16. BUSINESS OUTLOOK

Real Estate Business

The Group continues to record sales for its CityGate project in Singapore and Australia 108 and Avant projects in Melbourne, Australia. The table below provides an overview of the ongoing projects of the Group in Singapore and Australia:

Project	Type	Total Units	Launch Date	Units Launched	% Sold based on unit launched
In Singapore					
CityGate*	Residential	311	3Q 2014	311	99%
CityGate*	Commercial	188	3Q 2014	188	76%
In Australia					
Australia 108 (Melbourne)	Residential & Commercial	1,103	4Q 2014	1,103	98%
Avant (Melbourne)	Residential & Commercial	456	2Q 2015	456	97%
Nova City Tower 1 (Cairns)	Residential & Commercial	187	4Q 2016	101	40%

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

The Group expects CityGate to contribute to the Group's revenue and profit in FY2018 as the Group continues to record sales for the remaining commercial units and as construction progresses on schedule to obtain TOP in 2018.

In Australia, the Group has made good progress for Australia 108 and Avant projects. As at the date of this announcement, the construction of Australia 108 and Avant is ahead of the planned structure completion schedule:

1. The construction of Australia 108 has reached level 48 out of 101 levels; and
2. The second and final stage for Avant is likely to be handed over in the next 3 months.

According to the latest construction schedule, the Group expects to complete the following in 2018:

1. 3 out of 6 stages for Australia 108; and
2. All 2 stages of Avant.

16. BUSINESS OUTLOOK (CONTINUED)

Real Estate Business (continued)

The Group expects to receive a total of more than S$700 million of sales proceeds when these completed development units are handed over to the purchasers.

In the next twelve months, the Group will continue with the sale of Nova City project and intends to launch Albert Street project in Brisbane subject to market conditions in Brisbane then.

In Penang, the Group has completed the refurbishment, upgrading and building works of 15 properties.

At current market prices, the Group expects to make substantial profits from its ongoing development projects in Singapore and Australia. The Real Estate Business is expected to contribute significantly to the Group's revenue and profitability from FY 2018 to FY 2020 due to the following reasons:-

First, based on the units sold in its property project in Singapore as at the date of this announcement, the Group has locked in about S$75 million of unbilled contracts which will be progressively recognised in accordance with the stage of construction.

Second, the Group has locked in about S$1.0 billion of unbilled contracts from the Australia 108 and Avant projects.

Third, the Group is expected to book profit from the above projects as they complete progressively from 2018 to 2020.

Overall, the Group has locked in more than S$1.1 billion of unbilled contracts in Singapore and Australia.

Based on the expected completions of the projects in Singapore and Australia, the Group expects to have about S$1 billion of cash proceeds from the sales in FY2018, part of which will be used to repay outstanding loans and to cover the remaining development costs for the projects. With these completions, the Group expects its equity, cash and debt position to improve substantially in 2018.

Financial Service Business

The Group has continued to grow its local core business of pawnbroking and retailing of new and pre-owned merchandise despite keen competition and escalating 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 sentiment to improve in 2018 and it will continue its efforts to improve operational effectiveness and efficiency of its Jewellery Business.

Other Investment

The existing core business of AF Global Limited, namely the hotel and serviced residence business is expected to contribute positively to the Group. The Group will continue to focus on improving its business operations and enhancing the return from these assets.

In China, its Xuzhou Gulou Square has commenced the sale of office units and the marketing and leasing of the retail podium is in progress. In Rawai Phuket, the Group is finalising with a 5-star hotel operator to manage its luxury resort hotel.

The Knight Frank Singapore business is expected to remain stable as the Singapore property market is expected to remain active with the enbloc sales activities.

The Group

Barring unforeseen circumstances and major depreciation of Malaysian and Australian currencies, the Group expects to be profitable in 2018.

17. INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

18. DIVIDEND

(i) Any dividend declared for the current financial period reported on?
No

(ii) Any dividend declared for the preceding financial period?
No

19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL

The Company confirms that all the required undertakings under Rule 720 (1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

20. NEGATIVE CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the three months ended 31 March 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng	Koh Lee Hwee
CEO	Director

9 May 2018