



Corporation Ltd

Company Registration No: 197001030G
(Incorporated in Singapore)

**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 30 September 2018 ("9M 2018")

	Group		Change %
	9M 2018 S\$'000	9M 2017 S\$'000	
Revenue	771,677	354,926	117%
Materials and subcontract costs	(568,666)	(247,825)	129%
Employee benefits	(44,016)	(36,514)	21%
Depreciation and amortisation	(4,867)	(3,817)	28%
Finance costs	(22,156)	(20,013)	11%
Other operating expenses	(92,310)	(54,141)	70%
Interest income	11,249	7,414	52%
Rental income	1,818	2,001	-9%
Other income	3,209	6,937	-54%
Share of results of associates and a joint venture	1,496	2,262	-34%
Profit before tax	57,434	11,230	411%
Taxation	(16,354)	(8,348)	96%
Profit for the period	41,080	2,882	1325%
Other comprehensive income			
Net fair value changes of available-for-sale financial assets	(5,639)	4,922	n.m
Foreign currency translation	(9,987)	3,258	n.m
Share of other comprehensive income of a joint venture	99	385	-74%
Other comprehensive income for the period, net of tax	(15,527)	8,565	n.m
Total comprehensive income for the period	25,553	11,447	123%
Profit/(loss) attributable to:			
Owners of the Company	32,277	(135)	n.m
Non-controlling interests	8,803	3,017	192%
	41,080	2,882	1325%
Total comprehensive income attributable to:			
Owners of the Company	19,794	7,505	164%
Non-controlling interests	5,759	3,942	46%
	25,553	11,447	123%
Earnings per ordinary share (cents)			
-Basic	1.67	(0.01)	n.m
-Diluted	1.67	(0.01)	n.m

Other information :-

	Group		Change %
	9M 2018 S\$'000	9M 2017 S\$'000	
Amortisation of intangible assets and prepaid rent	(605)	(421)	44%
Write back of/(impairment loss) for investment securities	379	(1,663)	n.m
Depreciation of property, plant and equipment	(4,263)	(3,397)	25%
Net foreign exchange (loss)/gain	(13,343)	4,942	n.m
Manufacturing and melting loss	(466)	(400)	16%
Property, plant and equipment written off	(724)	(577)	25%

n.m - means "not meaningful"

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

1(ii) Consolidated Statement of Comprehensive Income For The Financial Period from 1 July 2018 to 30 September 2018 ("3Q 2018")

	Group		Change %
	3Q 2018 S\$'000	3Q 2017 S\$'000	
Revenue	346,987	109,401	217%
Materials and subcontract costs	(254,669)	(74,790)	241%
Employee benefits	(15,477)	(12,429)	25%
Depreciation and amortisation	(1,736)	(1,331)	30%
Finance costs	(7,357)	(7,137)	3%
Other operating expenses	(39,470)	(16,780)	135%
Interest income	4,563	2,825	62%
Rental income	588	673	-13%
Other income	(880)	2,250	n.m
Share of results of associates and a joint venture	53	887	-94%
Profit before tax	32,602	3,569	813%
Taxation	(8,576)	(2,286)	275%
Profit for the period	24,026	1,283	1773%
Other comprehensive income			
Net fair value change of available-for-sale financial assets	(439)	(1,034)	-58%
Foreign exchange translation	(3,506)	623	n.m
Share of other comprehensive income of a joint venture	(274)	845	n.m
Other comprehensive income for the period, net of tax	(4,219)	434	n.m
Total comprehensive income for the period	19,807	1,717	1054%
Profit attributable to:			
Owners of the Company	18,699	70	26612%
Non-controlling interests	5,327	1,213	339%
	24,026	1,283	1773%
Total comprehensive income attributable to:			
Owners of the Company	15,381	(14)	n.m
Non-controlling interests	4,426	1,731	156%
	19,807	1,717	1054%

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 9M 2018 and 3Q 2018 was in tandem with higher revenue recognition.
- 1d. The increase in employee benefits for 9M 2018 and 3Q 2018 was mainly due to increase in number of employees for financial service business, higher staff costs for Niessing operations and increase in number of employees and Directors' profit sharing for real estate business.
- 1e. The increase in finance cost for 9M 2018 and 3Q 2018 was mainly attributable to higher loan in financial service business 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 9M 2018 and 3Q 2018 were mainly due to higher holding costs incurred for properties held for sale and recognition of sales commission upon settlement of units sold for overseas real estate business; and net foreign currency exchange loss for financial service and overseas real estate businesses.
- 1g. Lower other income in 9M 2018 and 3Q 2018 was due to foreign exchange gain in 9M 2017 and 3Q 2017.
- 1h. The decrease in share of results of associates and joint venture in 9M 2018 and 3Q 2018 was largely due to lower profit from share of profit from a joint venture.
- 1i. Lower effective tax rate in 9M 2018 and 3Q 2018 was mainly due to higher tax provision in 9M 2017 as a result of reversal of tax allowance for provision of doubtful debt for jewellery business and higher tax rate for its real estate business.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Sep-18 S\$'000	31-Dec-17 S\$'000 (Restated)	30-Sep-18 S\$'000	31-Dec-17 S\$'000
Non-current assets				
Property, plant and equipment	88,287	75,511	1,072	398
Intangible assets	11,036	7,456	249	299
Investment properties	60,700	60,566	-	-
Investment in subsidiaries	-	-	228,204	210,738
Investment in associates	19,425	22,086	-	-
Investment in joint ventures	31,636	30,316	5,000	5,000
Investment securities	1,513	4,508	-	-
Trade and other receivables	53,746	49,018	-	-
Prepaid rent	2	-	-	-
Prepayments	-	8,538	-	-
Deferred tax assets	3,374	8,430	3	-
	269,719	266,429	234,528	216,435
Current assets				
Inventories	138,012	133,781	-	-
Development properties	761,248	941,195	-	-
Properties held for sale	73,144	22,313	-	-
Trade and other receivables	299,747	309,310	188	62
Prepaid rent	4	-	-	-
Prepayments	7,089	8,959	323	600
Due from subsidiaries (non-trade)	-	-	218,275	287,389
Due from a joint venture (non-trade)	85,854	84,517	85,846	84,570
Due from associates (non-trade)	-	1,305	-	-
Investment securities	145,655	177,817	500	-
Cash and bank balances	114,974	54,888	386	448
	1,625,727	1,734,085	305,518	373,069
Total assets	1,895,446	2,000,514	540,046	589,504
Current liabilities				
Trade and other payables	65,651	66,644	5,459	2,282
Due to subsidiaries (non-trade)	-	-	100,222	109,019
Amount due to a joint venture (non-trade)	25	-	-	-
Due to an associate (non-trade)	1,920	2,360	-	-
Provision for taxation	3,603	3,790	113	154
Term notes and bonds	182,516	98,000	187,500	100,000
Interest-bearing loans and borrowings	617,857	679,159	-	-
	871,572	849,953	293,294	211,455
Net current assets	754,155	884,132	12,224	161,614
Non-current liabilities				
Interest-bearing loans and borrowings	89,442	165,899	-	-
Term notes and bonds	461,254	541,500	-	123,500
Other payables	4,030	2,708	-	-
Deferred tax liabilities	23,572	13,706	-	80
	578,298	723,813	-	123,580
Total liabilities	1,449,870	1,573,766	293,294	335,035
Net assets	445,576	426,748	246,752	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	15,221	22,400	1,413	1,413
Revenue reserves	102,065	90,269	20,998	28,715
	341,627	337,010	246,752	254,469
Non-controlling interests	103,949	89,738	-	-
Total equity	445,576	426,748	246,752	254,469
Net asset value per ordinary share (in cents)	17.64	17.40	12.74	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\$445.6 million as at 30 September 2018. This was mainly due to an increase in non-controlling interests and profit for the period, partially offset by a decrease in other reserves. The decrease in other reserves was largely due to changes in fair value of available-for-sale financial assets and foreign currency translation.

The Group's total assets of S\$1,895.4 million as at 30 September 2018 was S\$105.1 million lower than that as at 31 December 2017. This was mainly attributable to the decrease in development properties, investment securities, prepayments, deferred tax assets, trade and other receivables and investment in associates, partially offset by the increase in cash and bank balances, properties held for sale, property, plant and equipment, inventories and intangible assets. The decrease in development properties was mainly due to recognition of cost relating to the settlement of units sold for Avant and Australia 108 projects to cost of sales and the reclassification of a project in Australia and completed Malaysia properties to properties held for sale, partially offset by on-going construction costs, interest costs and development expenditures. The increase in property, plant and equipment was mainly due to the acquisition of a leasehold property for financial service business and reclassification of a completed property from development properties as property is currently used as an office for the real estate business in Penang. The increase in cash and bank balances was mainly due to sales proceeds from the settlements of Avant and Australia 108 projects.

The Group's total liabilities of S\$1,449.9 million as at 30 September 2018 was S\$123.9 million lower than that as at 31 December 2017. The decrease was largely due to the decrease in interest-bearing loans and borrowings, partially offset by increase in deferred tax liabilities and issuance of term notes by its subsidiary, Aspial Treasury Pte. Ltd. ("ATPL"). The decrease in interest-bearing loans and borrowings was mainly due to the repayment of Avant notes and partial repayment of construction loan for Australia 108.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	3Q 2018 S\$'000	3Q 2017 S\$'000	9M 2018 S\$'000	9M 2017 S\$'000
Operating activities				
Profit before tax	32,602	3,569	57,434	11,230
Adjustments for:				
Property, plant and equipment written off	272	142	724	577
Depreciation of property, plant and equipment	1,525	1,190	4,263	3,397
Gain on disposal of property, plant and equipment	-	-	(10)	-
Impairment loss on investment in an associate	-	-	31	-
Impairment loss on amount due from associate	-	-	-	580
Impairment loss on interest receivables	-	75	-	75
Impairment loss/(write back of) on investment securities	1,481	460	(379)	1,663
Recovery of Allowance for doubtful receivables	75	-	(26)	-
Loss/(gain) on disposal of investment securities	788	(193)	2,366	(428)
Employee Share Award Scheme expenses	192	-	192	-
Net fair value gain on derivatives	38	-	-	-
Write down of inventories	-	33	-	113
Interest expense	6,679	6,549	20,173	18,186
Interest income	(4,563)	(2,825)	(11,250)	(7,414)
Amortisation of prepaid rent	2	13	2	38
Amortisation of intangible assets	207	128	603	383
Amortisation of prepaid commitment fees	678	634	1,983	1,913
Amortisation of premium on multicurrency medium term notes	(14)	-	(41)	-
Listing expenses of a subsidiary	-	(39)	-	1,627
Share of results of associates and a joint venture	(315)	(887)	(1,314)	(2,262)
Unrealised foreign exchange differences	5,118	(836)	10,247	(3,899)
Operating profit before changes in working capital	44,765	8,013	84,998	25,779
Decrease/(increase) in:				
Inventories	3,375	(1,322)	8,449	7,444
Development properties	131,557	(68,168)	128,515	(21,816)
Investment properties	(84)	-	(84)	-
Properties held for sale	-	(12,308)	-	(16,747)
Trade and other receivables	14,594	72,249	10,050	(28,911)
Prepayments	(899)	2,194	25	(858)
Increase/(decrease) in:				
Trade and other payables	1,291	13,373	(5,134)	14,255
Net cash flows generated from/(used in) operations	194,599	14,031	226,819	(20,854)
Interest paid	(8,024)	(13,155)	(52,254)	(46,699)
Interest received	-	-	11	-
Income taxes paid	(1,989)	(7,912)	(3,207)	(18,619)
Net cash flows generated from/(used in) operating activities	184,586	(7,036)	171,369	(86,172)
Investing activities				
Purchase of property, plant and equipment	(3,868)	(24,501)	(14,855)	(31,459)
Proceeds from sale of property, plant and equipment	4	-	332	4
Addition to intangible assets	(98)	-	(143)	-
Prepayments	(8)	-	(8)	-
Interest received	1,973	441	5,301	2,847
Purchase of investment securities	(20,915)	(103,609)	(109,361)	(200,412)
Dividend income from an associate	-	3,200	-	3,200
Proceeds from disposal of investment securities	44,466	75,507	116,323	167,430
Acquisition of non-controlling interests in a listed subsidiary	-	(331)	-	(4,837)
Net cash inflow/(outflow) on acquisition of a subsidiary	1,058	-	1,966	(367)
Due (from)/to associates (non-trade), net	(94)	(320)	865	2,600
Due from a joint venture (non-trade), net	(1,346)	(142)	(1,338)	(1,451)
Net cash flows generated from/(used in) investing activities	21,172	(49,755)	(918)	(62,445)

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	3Q 2018 S\$'000	3Q 2017 S\$'000	9M 2018 S\$'000	9M 2017 S\$'000
Financing activities				
Dividends paid to shareholders of the Company	(9,682)	(26)	(9,682)	(4,056)
Dividends paid to non-controlling interests of subsidiaries	(2,962)	25	(2,962)	(766)
Capital return to non-controlling shareholder upon liquidation of subsidiary	-	(1,889)	-	(1,889)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	-	12,303	6,302	12,711
Proceeds from issuance of term notes and bonds	-	-	50,000	50,000
Repayment of term notes	-	-	(26,000)	(55,750)
Proceeds from term loans	23,325	136,225	160,903	250,008
Repayment of term loans	(218,712)	(69,877)	(239,108)	(111,864)
(Repayment of)/proceeds from short-term bank borrowings, net	(76,324)	35,578	(49,143)	42,861
Proceeds from initial public offering of a subsidiary	-	2,523	-	27,556
Proceeds from finance lease obligations	-	-	-	68
Purchase of treasury shares	(42)	-	(42)	-
Repayment of finance lease obligations	(18)	(17)	(54)	(48)
Due to a related company (non-trade)	(440)	-	-	-
Term notes and bonds commitment fee paid	-	-	-	(631)
Listing expenses paid by a subsidiary	-	(208)	-	(2,222)
Net cash flows (used in)/generated from financing activities	(284,855)	114,637	(109,786)	205,978
Net (decrease)/increase in cash and cash equivalents	(79,097)	57,846	60,665	57,361
Cash and cash equivalents at beginning of period	194,371	69,856	54,888	70,284
Effects of exchange rate changes on cash and cash equivalents	(300)	30	(579)	87
Cash and cash equivalents at end of period	114,974	127,732	114,974	127,732

Cash and cash equivalents

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

	9M 2018 S\$'000	9M 2017 S\$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	19,543	10,409
Cash at bank	95,431	117,323
Cash and cash equivalents	114,974	127,732

3a. - Cashflow Analysis

3Q 2018

Net cash generated from operating activities for 3Q 2018 was S\$184.6 million compared to net cash used in operating activities of S\$7.0 million in 3Q 2017. This was mainly attributable to decrease in development properties, trade and other receivables, inventories and increase in trade and other payables, partially offset by increase in prepayment. The decrease in development properties was mainly due to recognition of cost relating to the settlement of units sold for Avant and Australia 108 projects to cost of sales, partially offset by on-going construction costs, interest costs and development expenditures.

Net cash generated from investing activities of S\$21.2 million in 3Q 2018 was largely attributable to proceeds from disposal of investment securities (net) and interest received, partially offset by increase in property, plant and equipment and amount due from a joint-venture (non-trade).

Net cash used in financing activities was S\$284.9 million in 3Q 2018 compared to net cash generated from financing activities of S\$114.6 million in 3Q 2017. This comprised principally the repayment of interest-bearing loans and borrowing and payment of dividend.

9M 2018

Net cash generated from operating activities for 9M 2018 was S\$171.4 million compared to net cash used in operating activities of S\$86.2 million in 9M 2017. This was mainly attributable to decrease in development properties, trade and other receivables and inventories, partially offset by decrease in trade and other payables. The decrease in development properties was mainly due to recognition of cost relating to the settlement of units sold for Avant and Australia 108 projects to cost of sales, partially offset by on-going construction costs, interest costs and development expenditures.

Net cash used in investing activities of S\$0.9 million in 9M 2018 was largely attributable to increase in property, plant and equipment and amount due from a joint venture (non-trade), partially offset with proceeds from disposal of investment securities (net) and interest received. The increase in property, plant and equipment was mainly due to the acquisition of a leasehold property for financial service business.

Net cash used in financing activities was S\$109.8 million in 9M 2018 compared to net cash generated from financing activities of S\$206.0 million in 9M 2017. This comprised principally the repayment of interest-bearing loans and borrowings and payment of dividend, partially offset by issuance of term note by its subsidiary, ATPL in April 2018.

As a result, cash and cash equivalent balances decreased to S\$115.0 million as at 30 September 2018 from S\$127.7 million as at 30 September 2017.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests S\$'000	Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserves S\$'000	Other reserves 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	-	-	(5,962)	5,962	-	-
- Effect of adopting SFRS(I) 9	-	-	(10,690)	8,933	-	(1,757)
- as restated	226,930	(2,589)	79,579	31,333	89,738	424,991
Profit for the period	-	-	32,277	-	8,803	41,080
<u>Other comprehensive income for the period</u>						
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(4,883)	(756)	(5,639)
Foreign currency translation	-	-	-	(7,699)	(2,288)	(9,987)
Share of other comprehensive income of a joint venture	-	-	-	99	-	99
Other comprehensive income, net of tax	-	-	-	(12,483)	(3,044)	(15,527)
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares-Cash and scrip dividends	-	-	(9,682)	-	(2,962)	(12,644)
Total contributions by and distributions to owners	-	-	(9,682)	-	(2,962)	(12,644)
<u>Changes in ownership interests in subsidiaries</u>						
Acquisition of non-controlling interests in a listed subsidiary without a change in control	-	-	-	(3,726)	2,719	(1,007)
Premium on dilution of interest in subsidiaries	-	-	-	198	(198)	-
Change in ownership interest in subsidiaries without a change in control	-	-	(109)	(28)	285	148
Capital contribution from non-controlling interests	-	-	-	(73)	8,608	8,535
Total changes in ownership interests in subsidiaries	-	-	(109)	(3,629)	11,414	7,676
Balance as at 30 September 2018	226,930	(2,589)	102,065	15,221	103,949	445,576
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	-	-	(5,962)	5,962	-	-
- as restated	226,152	(2,589)	87,793	633	64,881	376,870
Profit for the period	-	-	(135)	-	3,017	2,882
<u>Other comprehensive income for the period</u>						
Net gain on fair value changes of available-for-sale financial assets	-	-	-	4,553	369	4,922
Foreign currency translation	-	-	-	2,702	556	3,258
Share of other comprehensive income of a joint venture	-	-	-	385	-	385
Other comprehensive income, net of tax	-	-	-	7,640	925	8,565
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares - Cash and scrip dividends	-	-	(4,834)	-	(766)	(5,600)
Ordinary shares issued under scrip dividend	778	-	-	-	-	778
Capital return to non-controlling shareholder upon liquidation of a subsidiary	-	-	-	-	(1,889)	(1,889)
Total contributions by and distributions to owners	778	-	(4,834)	-	(2,655)	(6,711)
<u>Changes in ownership interests in subsidiaries</u>						
Acquisition of non-controlling interests in a listed subsidiary without a change in control	-	-	-	(1,984)	(2,853)	(4,837)
Premium on dilution of interest in subsidiaries	-	-	-	9,203	18,294	27,497
Changes in ownership interests in subsidiaries without a change in control	-	-	2,841	1,402	(4,243)	-
Capital contribution from non-controlling interests	-	-	-	-	12,770	12,770
Total changes in ownership interests in subsidiaries	-	-	2,841	8,621	23,968	35,430
Balance as at 30 September 2017	226,930	(2,589)	85,665	16,894	90,136	417,036

4. STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to shareholders of the Company				Non-controlling interests S\$'000	Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserves S\$'000	Other reserves S\$'000		
Company						
Balance as at 1 January 2018	226,930	(2,589)	28,715	1,413	-	254,469
Profit for the period, representing total comprehensive income for the period	-	-	1,965	-	-	1,965
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares-Cash dividends	-	-	(9,682)	-	-	(9,682)
Total contributions by and distributions to owners	-	-	(9,682)	-	-	(9,682)
Balance as at 30 September 2018	226,930	(2,589)	20,998	1,413	-	246,752
Balance as at 1 January 2017	226,152	(2,589)	29,444	1,413	-	254,420
Profit for the period, representing total comprehensive income for the period	-	-	2,420	-	-	2,420
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash and scrip dividends	-	-	(4,834)	-	-	(4,834)
Ordinary shares issued under scrip dividend	778	-	-	-	-	778
Total contributions by and distributions to owners	778	-	(4,834)	-	-	(4,056)
Balance as at 30 September 2017	226,930	(2,589)	27,030	1,413	-	252,784

5. CHANGES IN SHARE CAPITAL

	Company	
	No. of shares '000	S\$ '000
Issued and fully paid share capital (excluding treasury shares)		
Balance at 1 January, 31 March, 30 June and 30 September 2018	1,936,491	224,341

6. CHANGES IN TREASURY SHARES

There were no (30 September 2017: nil) treasury shares transferred to employees under the Aspiial Share Award Scheme during the financial period.

	Company	
	No. of shares '000	S\$ '000
Balance at 1 January, 31 March, 30 June and 30 September 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 30-Sep-18		As at 31-Dec-17	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
617,857	182,516	679,159	98,000

Amount repayable after one year

As at 30-Sep-18		As at 31-Dec-17	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
89,442	461,254	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 disclosed in the paragraph 11 below, the Group has applied the same accounting policies and methods of computation in the third quarter results announcement for the current financial period ended 30 September 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\$5,962,000 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\$10,690,000 was reclassified from fair value reserve and deferred tax assets accounts to revenue reserves as at 1 January 2018.

12. EARNINGS PER SHARE

	Group			
	3Q 30-Sep-18 cents	3Q 30-Sep-17 cents	9M 30-Sep-18 cents	9M 30-Sep-17 cents
i) Basic earnings per share	0.97	0.004	1.67	(0.01)
ii) Diluted earnings per share	0.97	0.004	1.67	(0.01)
-Weighted average number of shares (excluding treasury shares) ('000)	1,936,491	1,936,491	1,936,491	1,934,551

13. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Net asset value per ordinary share (in cents)	17.64	17.40	12.74	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 30 Septemebr 2018 was previously provided.

15. REVIEW OF CORPORATE PERFORMANCE

The Group continued to register strong revenue growth in 3Q 2018. Revenue increased by 217.2% to S\$347.0 million compared to 3Q 2017. For 9M 2018, the Group achieved a record revenue of S\$771.7 million, an increase of 117.4% over that of the previous corresponding period. The higher revenue was mainly attributable to the increase in contribution from the Real Estate Business.

The Real Estate Business continued to be the largest contributor to the Group's revenue in 9M 2018. Revenue increased by 284.6% from S\$136.7 million in 9M 2017 to S\$525.8 million in 9M 2018. The increase was primarily due to the progress recognition of sales from the CityGate project in Singapore and revenue from the settlement and handover of completed residential units for the Avant and Australia 108 projects in Melbourne, Australia.

The Financial Service Business delivered another quarter of consistent growth. Revenue increased by S\$19.5 million or 14.0% from S\$139.0 million in 9M 2017 to S\$158.5 million in 9M 2018. The increase in revenue was 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.

Revenue from the Jewellery Business increased by 15.8% from S\$84.7 million to S\$98.1 million in 9M 2018. The higher revenue was mainly attributable to the maiden recognition of sales from its Niessing brand and increase in sales from its gold bullion business.

For 9M 2018, Group pre-tax profit increased by S\$46.2 million or 412.5% to S\$57.4 million. The higher pre-tax profit was achieved despite a net foreign exchange loss amounting to S\$13.3 million.

Pre-tax profit for the Real Estate Business surged 548.2% to S\$55.1 million from S\$8.5 million in 9M 2017 due mainly to higher profit contribution from the CityGate, Avant, and Australia 108 projects and partially offset by foreign exchange loss. Excluding net foreign exchange loss of S\$10.0 million in 9M 2018, the pre-tax profit would have been S\$65.1 million.

The Financial Service Business registered a pre-tax profit of S\$9.5 million as compared to S\$10.8 million. The marginal drop in pre-tax profit was due to higher finance cost and foreign exchange loss. Excluding foreign exchange loss, the pre-tax profit would have been S\$13.0 million in 9M 2018.

The Jewellery Business posted a pre-tax loss of S\$2.8 million in 9M 2018 as compared to a loss of S\$6.0 million in 9M 2017. The lower pre-tax loss was mainly due to the maiden profit contribution from its Niessing operations and lower loss from its retail business in Singapore.

The share of profit from associates and a joint venture decreased by S\$0.8mil to S\$1.5mil in 9M 2018. This was mainly due to lower profit from its share of profit from AF Global Limited.

At the Group level, excluding net foreign exchange loss of S\$13.3 million in 9M 2018, the pre-tax profit would have been S\$70.7 million.

16. BUSINESS OUTLOOK

Real Estate Business

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	78%^
In Australia					
Australia 108 (Melbourne)	Residential	1,103	4Q 2014	1,103	95%^
Avant (Melbourne)	Residential	456	2Q 2015	456	97%^
Nova City Tower 1 (Cairns)	Mixed use development	187	4Q 2016	101	54%

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

^ The percentage of sold unit may differ from the earlier announcements due to the rescindment of certain sold units.

As the CityGate project is near completion, the Group expects its revenue contribution to reduce in 4Q 2018. The Group continues to record sales for the remaining commercial units albeit at a slower pace.

In Australia, the Group has completed the Avant project in August 2018 and continues to make good progress with the Australia 108 development. As at the date of this announcement, the construction of Australia 108 has progressed to level 69 out of 101 levels. According to the latest construction schedule, the Group expects to complete 1 out of the remaining 4 main stages by the end of 2018.

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

In Penang, the Group has completed the refurbishment, upgrading and building works of some properties and will continue with the construction of some of the remaining properties.

At present, the Group has 6 hotels (comprising 46 keys with a total of 85 rooms) in operation in Georgetown and will open its seventh hotel in January 2019. Overall, the business and occupancy of its hotels have been encouraging in line with the increase in tourist arrivals to Penang.

16. BUSINESS OUTLOOK (CONTINUED)

Real Estate Business (continued)

Going forward, the Group expects to make substantial profits from its Australia 108 project in 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, the Group has locked in about S\$680 million of unbilled contracts from Australia 108.

Second, the Group expects the profit margin of the subsequent phases of Australia 108 project to be higher than the earlier ones as the average sales per square metre rate for higher floors are better than those for the lower ones.

Third, the Group is expected to book revenue and profit from Australia 108 as it completes progressively from 2018 to 2020.

Financial Service Business

The Group has continued to grow its 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 will continue to work on improving the effectiveness and efficiency of its Jewellery Business in Singapore.

AF Global Limited

The existing core business of AF Global Limited, namely the hotel and serviced residence business, is expected to remain stable and contribute positively to the Group. The Group will continue to focus on improving its business operations and enhancing the return from its asset portfolio through asset enhancement initiatives, acquisitions and divestments.

Debt Analysis

Group total debt declined substantially in 3Q 2018 as compared to 1H 2018 mainly due to the settlement of completed units in Avant and Australia 108 projects. Total loan and borrowings of S\$707.3 million as at 30 September 2018 was S\$278.1 million lower than that as at 30 June 2018.

Of the total loan and borrowings of S\$707.3 million, about S\$363.7 million was property development-related loans for the Real Estate Business and the balance of S\$343.6 million was mainly working capital/mortgage loans for its Financial Service Business, Jewellery Business, investment in properties and investment in securities.

As at 30 September 2018, the Group has outstanding term notes and bonds of S\$643.8 million, which was S\$17.0 million lower than the previous quarter due to the open market purchase of bonds by the Group. Of the S\$643.8 million outstanding term notes and bonds, S\$70.0 million was issued by Maxi-Cash Financial Services Corporation Limited and was used for the working capital of the Financial Service Business.

The Group expects to improve its debt and cash profile in the next 3 months due to the following reasons:

First, the Group expects to receive up to S\$228 million of proceeds from the settlement and handover of units for Avant and Australia 108 (subject to actual settlements).

Second, the Group expects to obtain Temporary Occupation Permit for the CityGate project in Singapore by the end of 2018 and will repay all CityGate development loans and receive net cash from the completion.

Third, the Group will repay the outstanding term notes due in November 2018.

As CityGate, Australia 108 and Avant projects are progressively completed, handed over and settled, the Group expects its equity, cash and debt position to continue to improve.

As part of the Group's strategy to improve its debt position, the Group intends to use part of the cash proceeds to purchase some of its remaining term notes and bonds, which may include, but not limited to those due in 2019 and 2020, prior to the maturity dates of these notes and bonds.

The purchase of its term notes and bonds may be done via various channels such as open market purchase and tender offer and will enable the Group to improve its debt position and reduce negative carry.

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?

Name of dividend	2018
Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	0.25 cent per ordinary share
Tax Rate	One-tier tax exempt
Book closure date	To be announced later
Payment date	To be announced later

(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 nine months ended 30 September 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng
CEO

Koh Lee Hwee
Director

7 November 2018