SINGAPORE eDEVELOPMENT LIMITED

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

Unaudited Financial Statement for the Six Months Ended 30 June 2016

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	Group Six Months ended		
	30/6/2016 Unaudited	30/6/2015 Unaudited	Increase / (Decrease)
	S$'000	S$'000	%
Continuing operations			
Revenue	893	3,365	(73.5)
Cost of sales	(714)	(2,549)	(72.0)
Gross profit	179	816	(78.1)
Other income	490	2,464	(80.1)
Marketing expenses	160	(973)	(116.4)
Administrative expenses	(3,017)	(2,383)	26.6
Research and Development	(296)	(749)	(60.5)
Other expenses	(2,412)	(541)	345.8
Share of result of an associate	(291)	-	nm
Loss from continuing operations	(5,187)	(1,366)	279.7
Finance costs	(130)	(18)	622.2
Loss before tax from continuing operations	(5,317)	(1,384)	284.2
Income tax expense	-	-	nm
Loss from continuing operations, net of tax	(5,317)	(1,384)	284.2
Discontinued operation			
Loss from discontinued operation, net of tax	-	(324)	(100.0)
Loss for the period	(5,317)	(1,708)	211.3
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(5,285)	(1,353)	290.6
Loss from discontinued operation, net of tax	-	(324)	(100.0)
	(5,285)	(1,677)	215.1
Non-controlling interests			
Loss from continuing operations, net of tax	(32)	(31)	3.2
Loss from discontinued operation, net of tax	-	-	-
	(32)	(31)	3.2
	(5,317)	(1,708)	211.3
Other comprehensive income:			
Foreign currency translation	(95)	(12)	691.7
Total comprehensive income for the period	(5,412)	(1,720)	214.7
Total comprehensive income attributable to:			
Owners of the Company	(5,217)	(1,689)	208.9
Non-controlling interests	(195)	(31)	529.0
Total comprehensive income	(5,412)	(1,720)	214.7
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(5,217)	(1,365)	282.2
Loss from discontinued operation, net of tax	-	(324)	(100.0)
	(5,217)	(1,689)	208.9
Non-controlling interests			
Loss from continuing operations, net of tax	(195)	(31)	529.0
Total comprehensive income for the period	(5,412)	(1,720)	214.7

nm = Not Meaningful

Notes to Consolidated Statement of Comprehensive Income	Group Six months ended		
	30/6/2016 Unaudited	30/6/2015 Unaudited	Increase/ (Decrease)
	S$'000	S$'000	%
Loss for the period is arrived at:			
After charging:			
Depreciation of property, plant and equipment	66	25	164.0
Finance Cost	130	18	622.2
Amortised cost of Employee Share Options	149	162	(8.0)
Provisions of impairment of other receivable	-	269	(100.0)
Witholding tax expense	548	-	nm
Unrealised foreign exchange losses	1,440	-	nm
Loss from early redemption of exchangeable notes	392	-	nm
And crediting:			
Net fair value adjustment on derivative liability	466	2,141	(78.2)
Write back of prepaid listing expense previously written off	-	113	(100.0)
Interest income	-	16	(100.0)
Unrealised foreign exchange gains	-	307	(100.0)

(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

Balance Sheets	Group		Company	
	30/6/2016 Unaudited S$'000	31/12/2015 Audited S$'000	30/6/2016 Unaudited S$'000	31/12/2015 Audited S$'000
Non-current assets				
Property, plant and equipment	363	358	17	20
Investment in associate	401	277	-	-
Investment in subsidiaries	-	-	222	222
	764	635	239	242
Current assets				
Trade and other receivables	875	6,300	110	146
Prepaid operating expenses	218	211	59	36
Properties under development	56,165	52,565	-	-
Properties held for sale	2,215	1,819	-	-
Investment securities	25	21	21	21
Due from subsidiaries	-	-	29,165	23,664
Cash in Escrow	3,581	3,752	-	-
Cash and bank balances	4,922	7,123	3,155	3,115
	68,001	71,791	32,510	26,982
Total assets	**68,765**	**72,426**	**32,749**	**27,224**
Current liabilities				
Provision for claims	812	812	812	812
Trade and other payables	9,313	10,875	3,265	1,155
Accrued operating expenses	3,561	3,880	1,021	652
Derivative	-	1,036	-	1,036
Loans and borrowings	29,649	28,473	1,480	2,830
	43,335	45,076	6,578	6,485
Net current assets	24,666	26,715	25,932	20,497
Non-current liability				
Loans and borrowings	-	3,500	-	-
Total liabilities	**43,335**	**48,576**	**6,578**	**6,485**
Net Assets	**25,430**	**23,850**	**26,171**	**20,739**
Equity attributable to owners of the Company				
Share Capital	75,364	68,521	75,364	68,521
Other reserves	1,197	980	698	549
Retained earnings	(54,368)	(49,083)	(49,891)	(48,331)
	22,193	20,418	26,171	20,739
Non-controlling interests	3,237	3,432	-	-
Total equity	**25,430**	**23,850**	**26,171**	**20,739**

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

	As at 30/6/2016 (Unaudited)		As at 31/12/2015 (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	2,785	-	2,081	-
Fixed Rate USD Loan - Black Oak	8,090	-	8,490	-
Interest free USD Loan	-	14,159	-	14,417
Floating Rate AUD Loan	635	-	655	-
Private Bond	-	1,480	-	2,830
Loan advance from Director	-	2,500	-	-
Amount repayable in one year or less, or on demand	11,510	18,139	11,226	17,247
Amount repayable after one year				
Exchangeable Notes	-	-	-	3,500
Total Loans and Borrowings	11,510	18,139	11,226	20,747

The outstanding loans of the Group as at 30 June 2016 are as follows:

1. In November 2015, for the Ballenger Run project, the Group obtained a US$8 (S$10.8) 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. As of 30 June 2016, US$2.1 (S$2.8) million had been drawn down and remained outstanding. Prior to full settlement of the loan, the Group is required to make principal repayment equal to 85% of property sales. As the Group is expected to generate revenue from property sales in this financial year, the balance is classified under current liability.

2. In October 2015, for the Black Oak project, a short-term construction loan of US$6.0 (S$8.1) million was fully drawdown from a private equity fund ("the Lender") and is secured by a lien over the land related to the project. The fully drawn down amount is held by the Lender who will subsequently disburse the funds either directly to the Group or to the project's contractor for the purpose of paying the cost and expenses in relation to the properties under development. The loan is repayable in full before 1 October 2016 and the Group shall be entitled to extend this loan for six calendar months up to 1 April 2017 upon written notice to the Lender. The interest rate is fixed at 13% per annum.

3. During the last financial year, a US$15 (S$20.2) million loan facility was provided by Hengfai Business Development Pte. Ltd., a substantial shareholder of the Company and a wholly-owned company of Mr Chan Heng Fai, CEO, executive director and a controlling shareholder of the Company. As at 30 June 2016, US$10.5 (S$14.2) million was drawn down to finance a land purchase. The loan facility is unsecured, interest-free and the outstanding loan of US$10.5 million is repayable in full before 31 December 2016.

4. On 20 May 2015, the Company issued an 8% US$2 (S$2.7) million profit participating private bond maturing in 2017 to an external party ("the Bondholder"). The bond confers a right for the Bondholder to receive in aggregate 30% of the net profit after tax received from the Group's property developments projects in the USA, attributable directly to the proportion of the Bondholder's funds invested in these property development projects. US$1 (S$1.3) million had been redeemed by the Company in May 2016. Written notice had been received by the Company to fully redeem the bond by 23 November 2016.

5. On 16 February 2014, Singapore Construction & Development Pte. Ltd. ("SCDPL"), a wholly-owned subsidiary of the Company, completed the issuance of 18% exchangeable notes of S$5 million which principal amount is due in 2017 ("Exchangeable Notes") pursuant to a subscription agreement dated 23 October 2013 among SCDPL, the Company and Phillip Securities Pte Ltd. The Exchangeable Notes were secured by a negative pledge. As of 30 June 2016, the Exchangeable Notes have been fully redeemed.

6. A$0.6 million (S$0.6 million) short-term loan from an Australian financial institution for land purchases for development in Mandurah (South of Perth), Western Australia. The loan is secured with a mortgage against the land and personal guarantees from the CEO of the Company and the executive directors of SeD Perth Pty Ltd. The loan is repayable on 30 June 2017 and bears variable interest rate, currently at 6.15% per annum, determined as a weighted average of various prevailing market rates.

7. On 30 June 2016, Mr Chan Heng Fai made an advance payment of S$2.5 million in respect of the amounts payable by Mr. Chan Heng Fai and Hengfai Business Development Pte Ltd ("HBD") for the subscription of their respective pro-rata entitlements under the Rights cum Warrants Issue. The advance will be set off against the amounts payable by Mr. Chan Heng Fai & HBD in respect of the subscription of their aforementioned entitlements if the Rights cum Warrants Issue is completed.

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	1H2016 Unaudited S$'000	1H2015 Unaudited S$'000
Operating activities		
Loss before tax from continuing operations	(5,317)	(1,384)
Loss before tax from discontinued operation	-	(324)
Loss before tax, total	(5,317)	(1,708)
Adjustments for:-		
Depreciation of property, plant and equipment	66	25
Net fair value adjustment on derivative liability	(466)	(2,141)
Loss from early redemption of exchangeable note	392	-
Amortised cost of Employee Share Options	149	162
Provision for doubtful debt	-	268
Write back of prepaid listing expenses	-	(113)
Share of result of an associate	291	-
Withholding tax expenses	548	527
Unrealised exchange loss / (gain)	1,440	(307)
Finance costs	130	25
Finance income	-	(16)
Operating cash flows before changes in working capital	(2,767)	(3,278)
Changes in working capital:-		
Decrease / (Increase) in trade and other receivables	1,319	(186)
(Increase) / Decrease in prepaid operating expenses	(7)	55
Increase in properties held for sales	(396)	(1,902)
Increase in properties under development	(2,535)	(2,427)
Increase in Investment securities	(4)	-
Increase in deposit paid for properties	-	(2,019)
Increase / (Decrease) in trade and other payables	805	(799)
Decrease in accrued operating expenses	(402)	(979)
Cash flows used in operations	(3,987)	(11,535)
Interest received	25	16
Interest paid	(1,697)	(900)
Net cash flows used in operating activities	**(5,659)**	**(12,419)**
Investing activities		
Purchase of property, plant and equipment	(82)	(55)
Investment in associate	(415)	-
Net cash flows used in investing activities	**(497)**	**(55)**
Financing activities		
Proceeds from loans and borrowings	802	-
Proceeds from issuance of new ordinary shares	7,020	-
Advances from a director	2,500	-
(Repayment of) / proceeds from private bond	(1,348)	2,692
Proceeds from prepayment of private placement	-	1,215
Repayment of exchangeable notes	(5,000)	-
Share issuance expenses	(177)	-
Net cash generated from financing activities	**3,797**	**3,907**
Effect of exchange rate changes on cash and cash equivalent	**158**	**-**
Net decrease in cash and cash equivalents	**(2,201)**	**(8,567)**
Cash and cash equivalents at beginning of financial period	**7,123**	**21,184**
Cash and cash equivalents at end of financial period	**4,922**	**12,617**

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
	Share capital	Other reserves			Accum'd losses	Total equity	
		Capital reserve	Share option reserve	Foreign currency translation reserve			
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2016	68,521	500	549	(69)	(49,083)	20,418	3,432
Loss of the financial period	-	-	-	-	(5,285)	(5,285)	(32)
Foreign currency translation	-	-	-	68	-	68	(163)
Total comprehensive income for the period	-	-	-	68	(5,285)	(5,217)	(195)
Issuance of new ordinary shares pursuant to placements	7,020	-	-	-	-	7,020	-
Share issuance expense	(177)	-	-	-	-	(177)	-
Grant of equity-settled share options to employees	-	-	149	-	-	149	-
Balance at 30 June 2016	**75,364**	**500**	**698**	**(1)**	**(54,368)**	**22,193**	**3,237**
Balance at 1 January 2015	67,359	-	237	(7)	(45,789)	21,800	(14)
Loss of the financial period	-	-	-	-	(1,677)	(1,677)	(31)
Foreign currency translation	-	-	-	(12)	-	(12)	-
Total comprehensive income for the period	-	-	-	(12)	(1,677)	(1,689)	(31)
Grant of equity-settled share options to employees	-	-	162	-	-	162	-
Balance at 30 June 2015	**67,359**	**-**	**399**	**(19)**	**(47,466)**	**20,273**	**(45)**

The Company (Unaudited)	Attributable to owners of the Company			
	Share capital	Share option reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2016	68,521	549	(48,331)	20,739
Loss net of tax, representing total comprehensive income for the period	-	-	(1,560)	(1,560)
Issuance of new ordinary shares pursuant to the Placements [(1)]	7,020	-	-	7,020
Grant of equity-settled share options to employees	-	149	-	149
Share issuance expenses	(177)	-	-	(177)
Balance at 30 June 2016	**75,364**	**698**	**(49,891)**	**26,171**
Balance at 1 January 2015	67,359	237	(41,406)	26,190
Loss net of tax, representing total comprehensive income for the period	-	-	(1,679)	(1,679)
Grant of equity-settled share options to employees	-	162	-	162
Balance at 30 June 2015	**67,359**	**399**	**(43,085)**	**24,673**

Note:

(1) On 10 May 2016, the Company entered into a placement agreement with Heng Fai Business Development Pte. Ltd, a wholly-owned company of Mr Chan Heng Fai, CEO, executive director and a controlling shareholder of the Company, wherein 117 million new shares ("Subscription Shares") were issued at S$0.06 per share on 11 May 2016.

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Number of shares	Share Capital (S$'000)
As at 31 December 2015 (audited)	300,295,850	68,521
As at 30 June 2016 (unaudited)	417,295,850	75,364

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

Types of Convertibles	**Number of Outstanding Convertibles**	**Number of Shares that may be issued on conversion of all outstanding convertibles**
As at 30 June 2016		
1. Bonus Warrants	59,531,652	59,531,652
2. Piggyback Warrants	9,333,224	9,333,224
3. Share Options under CSOS	3,714,667	3,714,667
As at 30 June 2015		
a) Bonus Warrants	59,531,652	59,531,652
b) Piggyback Warrants	9,333,224	9,333,224
c) Share Options under CSOS	3,714,667	3,714,667
d) Exchangeable Notes of S$250,000 each	20	83,333,333

The Company does not have any treasury shares as at 30 June 2015 and 30 June 2016.

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 2015	300,295,850
As at 30 June 2016	417,295,850

The Company did not have any treasury shares as at 30 June 2016 and 31 December 2015.

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.

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 method 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 2015 ("**FY2015**"), 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 ("FRS") 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 2016. The adoption of these new and revised FRS and INT FRS did not result in material adjustments to the Group's financial statements for the financial period ended 30 June 2016.

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 Six Months ended**	
	6/30/2016	**6/30/2015**
	(Unaudited)	**(Unaudited)**
Loss net of tax attributable to owners of the Company (S$'000)		
Continuing Operations	(5,285)	(1,353)
Discontinued Operation	-	(324)
Weighted average number of ordinary shares ('000)	332,439	285,296
Basic and diluted loss per ordinary share† (Singapore cents)		
Continuing Operations	(1.59)	(0.47)
Discontinued Operation	-	(0.11)

The basic loss per ordinary share as at 30 June 2015 and 2016 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 2015 and 2016 and are anti-dilutive.*

* *Comparative weighted average number of ordinary shares and basic and diluted loss per ordinary share has been adjusted to reflect the effects of private placement in 1H2016.*

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	
	30/6/2016 (Unaudited)	31/12/2015 (Audited)	30/6/2016 (Unaudited)	31/12/2015 (Audited)
Net Asset value per ordinary share (Singapore cents)	5.32	6.80	6.27	6.91

The net asset value per ordinary share as at 30 June 2016 and 31 December 2015 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 417,295,850 and 300,296,850 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 following:- (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 2016 ("1H2016") vs Six Months ended 30 June 2015 ("1H2015")

Continuing Operations

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

In 1H2016,

a. The Property Development Business' home incubation programme – which acquired 27 tenanted single-family homes in El Tesoro, Houston, Texas, U.S., for sale in FY2015 – delivered three units to buyers and, accordingly, recognised S$0.9 million in revenue and S$0.2 million in gross profit. The remaining seven units have been pre-sold and are expected to be handed over in 2H2016.

b. In 1H2016, BMI Capital Partners International Limited ("BMI") collaborated with an external consultant for the Investment Business and a service contract was signed and revenue of HK$0.2 (S$0.04) million has been recognized in 1H2016.

c. Info-Tech Business restructuring has been completed in 1H2016. The development of HotApp has shifted to focus on Business to Business (B2B) solutions. The team was in active engagement for trial release of the Enterprise HotApp solution. Revenue has yet to be recorded.

Marketing expenses recorded S$0.2 million credit due to the reversal of prepaid advertising costs for the promotion of the Home Incubation programme (amounting to S$0.1 million), and the reversal of S$0.1 million of HotApp calling credit.

Administrative expenses increased to S$3.0 million in 1H2016 from S$2.4 million in 1H2015 mainly due to:

- Additional expenses of S$0.3 million associated with the new investment business which commenced in October 2015; and
- Additional expenses of S$0.3 million associated with the U.S. property operations.

Research and Development expenditure decreased to S$0.3 million in 1H2016 from S$0.8 million in 1H2015 following the streamlining and restructuring of HotApp's operations as announced on 19 January 2016.

Other Income amounted to S$0.5 million in 1H2016 compared to S$2.5 million in 1H2015. The higher amount in 1H2015 was due to a gain of S$2.1 million from fair value adjustment of the derivative for the exchange rights held by holders of Exchangeable Notes, (also see paragraph 1b(ii)). As at 30 June 2016, the Company had fully redeemed the Exchangeable Notes and the fair value gain of S$0.5 million has been recognized.

Other expenses increased by S$1.8 million mainly relates to loss from the early redemption of exchangeable notes in May, 2016 and the recognition of S$1.4 million in unrealised foreign exchange losses arising from the depreciation of the U.S. Dollar in 1H2016 on U.S. Dollar-based loans to the Group's U.S. property development operations.

Depreciation increased by S$0.04 million pertain to the increase in furniture, fixtures and computer equipment amounting to S$0.1 million.

Finance cost increased to S$0.1 million mainly due to S$0.07 million for the redemption of exchangeable note.

Review of Balance Sheet
As at 30 June 2016 vs 31 December 2015

a) Property, plant & equipment

The Group purchased additional fixed assets totalling S$0.1 million in 1H2016 comprising furniture, fixtures and computers. The Group's fixed assets depreciated by S$0.1 million during 1H2016.

b) Investment in an associate

In FY2015, the Group invested S$0.4 million in an associate, Fanss MORE Group Limited ("FanssMORE"), a privately held property realtor company based in Hong Kong with operations in Hong Kong, PRC, Taiwan and Japan. During the period under review, the Group invested an additional S$0.4 million in FanssMORE to maintain 19.9% equity stake. Based on this stake as at 30 June 2016, the Group recognised a net loss of S$0.3 million from the associate in 1H2016.

c) Trade and other receivables

Trade and other receivables decreased to S$0.9 million as at 30 June 2016 from S$6.3 million as at 31 December 2015 as the Group drew down S$5.4 million from a private equity fund lender in relation to a fixed rate loan extended to a subsidiary for the Black Oak project.

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 comprise land purchase costs and other costs such as project financing, project management, development and construction. Additional development and financing costs of S$3.6 million were incurred in 1H2016.

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 2016, seven units remained on hand.

In addition, the Group purchased one townhouse located in Washington, DC.

f) Cash in Escrow

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.

g) Trade and other payables

The decrease in trade and other payables amounting to S$1.6 million in 1H2016 is mainly due to repayment of performance bond.

h) Accrued operating expenses

The decrease in accrued operating expenses amounting to S$0.4 million in 1H2016 mainly relates to the repayment of interest accrued for Exchangeable Notes.

i) Loans and borrowings

The decrease of S$2.3 million relates mainly to the repayment of US$1.0 (S$1.3 million) of the private bond and the foreign currency translation loss.

j) Working capital

The decrease of S$2.0 million in working capital relates to the decrease in current assets and current liabilities amounting to S$3.7 million and S$1.7 million respectively.

The current assets movement relates to the decrease in cash and cash equivalents of S$2.2 million and the decrease in trade and other receivable of S$5.4 million, offset by the increase in Properties under development for the amount of S$3.6 million and the increase in properties held for sale of S$0.3 million.

The current liabilities movement relates to the decrease in payables and accrued operating expenses amounting to S$1.9 million and the decrease in derivative liability of S$1 million, offset by the increase in loan and borrowings of S$1.2 million.

Review of Consolidated Cash Flow Statement

Cash and cash equivalents decreased by S$2.2 million to S$4.9 million in 1H2016 from S$7.1 million in 1H2015.

Operating Activities
Net cash used in operating activities amounted to S$5.7 million in 1H2016 as compared to S$12.4 million in 1H2015. The group had a net cash outflow of S$2.8 million from its operating activities before changes in working capital. It mainly relates to the loss before tax of S$5.3 million and the adjustments of the non-cash items including S$1.4 million foreign exchange loss due to the depreciation of US dollar.

The change in working capital of S$1.2 million is mainly due to the S$2.5 million increase in properties under development offset by the increase in trade and other receivables amounting to S$1.3 million.

Interest Paid
The increase in interest payment is mainly due to S$1.1 million paid for the early redemption of the exchangeable note.

Investing Activities
Net cash used in investing activities amounted to S$0.5 million due to purchase of fixed assets of S$0.1 million and additional investment amounting to S$0.4 million in an associate (FanssMORE).

Financing activities
Net cash from financing activities for 1H2016 amounted to S$3.8 million due to:

(i) the issuance of new ordinary shares to HBD amounting to S$7.0 million offset by its issuance expenses amounting to S$0.2 million,
(ii) advances made by a Director (Mr Chan Heng Fai) amounting to S$2.5 million and
(iii) the drawdown of loans in relation to construction activities in Development Projects of S$0.8 million, offset by the repayment of a private bond amounting to US$1.0 million (approximately S$1.3 million) and the redemption of the Exchangeable Notes amounting to S$5.0 million.

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 26 July 2016 issued a performance guidance announcement cautioning shareholders that the Group expects to report a loss for 1H2016.

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.

As announced on 24 March 2016, the Black Oak project in Houston, Texas, reported a decrease in pre-sales as some builders terminated purchase agreements. In 1H2016, Houston was hit with massive floods, which affected construction activity. Nevertheless, the Group remains optimistic about the commercial viability of the land sub-division project, which has made significant progress on the construction of its first section. The Group expects to recognise revenue from Black Oak from 2H2016.

The property market in Frederick County, Maryland, where the Group's second U.S. project Ballenger Run is located, remains buoyant. Following Ballenger Run's ground breaking in March 2016, the Group proceeded with mass-grading work for the land sub-division project. However, historic levels of high rainfall have caused significant delays in construction activity. Plans to accelerate construction to make up for lost time are in place with the objective of recognising revenue from Ballenger Run from 2H2016. However, if inclement weather continues to impact construction, revenue recognition from Ballenger Run may be delayed to FY2017.

The Group's home incubation programme consists 28 homes – 27 in El Tesoro, Houston, and one in Washington DC. Twenty units in El Tesoro have been sold and handed over and the remaining seven have been pre-sold and are expected to be handed over in 2H2016. The Washington unit is being marketed following completion of renovations with the expectation of the sale occurring in 2H2016.

Subsequent to 1H2016, the Company announced on 15 July 2016 it would acquire HomeOwnUSA Inc. ("HomeOwnUSA"), a Nevada company listed in the Over-The-Counter ("OTC") market. The Company intends to use HomeOwnUSA's OTC status as a platform for other property development-related businesses and facilitate future fund raising in the U.S.

The Group has received all necessary municipal approvals for its project in Mandurah, Australia, and is working with marketing agents to consider a marketing launch at the appropriate time.

The HotApp Info-Tech platform has been streamlined and restructured after a review that followed the termination of a Rights Cum Warrants Issue in December 2015. HotApp has since reduced staff strength to 10 staff from 40 previously. Instead of B2C applications it is now focused on B2B enterprise messaging and collaboration solutions for network marketing and the hospitality sector. This strategic shift is intended to create greater commercial value and avoid the intense competition among B2C messaging apps. In July 2016, HotApp signed a contract amounting to RMB0.9 (S$0.2) million to develop an app and hopes to begin revenue recognition in 2H2016. The Group will continue funding HotApp from the upcoming rights cum warrants exercise, if approved by shareholders at an EGM to be convened.

Following shareholders' approval in December 2015 to expand the scope of the Group's Investment Business, BMI collaborated with an external consultant for the Investment Business

and a service contract has been signed in 1H2016. It expects to recognise revenue of HK$0.2 (S$0.04) million from this contract in 2H2016**.**

On 29 June 2016, the Company announced a proposed Rights Cum Warrants issue. An extraordinary general meeting ("EGM") will be convened for shareholders to vote on the exercise, which is also subject to the approval of Singapore Exchange Securities Trading Limited for the listing and quotation of shares.

The Board of Directors wishes to advise shareholders that the Group is expected to report a net loss for FY2016, mainly due to the anticipated low revenue from its property projects.

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 2016.

13. Update on use of proceeds

FY2016 Private Placement

The net proceeds of the FY2016 private placement were used for the Group's general working capital. Details of principal disbursements as at the date of this announcement are set out below:

	The Group (S$'000)	
Net Proceeds		**7,020**
Usage in General Working Capital		
Repayment of Exchangeable Note and relating expenses	6,315	
Professional Fees	126	
Rental, office expenditure and other operating expenses	482	
Payroll	97	
Utilised amount to-date		**7,020**
Unutilised amount		**-**

Utilisation of Net Proceed from US$2 million Private Bond

The net proceeds from the issuance of the US$2 million private bond announced by the Company on 22 May 2015 of approximately US$1.9 million (the "Net Proceeds") have been partially utilised to fund property development 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	Repayment (US$'000)	Utilisation (US$'000)	Unutilised (US$'000)
Property development projects in the USA	100%	1,000	679	241

14. Interested Person Transactions (unaudited) – 1H2016

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
Principal redeemed on Exchangeable Notes		
▪ Chan Heng Fai[(1)]	S$3,500,000	-
▪ Teh Wing Kwan[(2)]	S$500,000	-
Interest paid on Exchangeable Notes		
Chan Heng Fai[(1)]	S$780,164	-
Teh Wing Kwan[(2)]	S$111,699	-
Premium paid on Exchangeable Notes		
Chan Heng Fai[(1)]	S$140,000	-
Teh Wing Kwan[(2)]	S$20,000	-
▪		

Notes:
(1) Mr Chan Heng Fai is an Executive Director and Chief Executive Officer of the Company
(2) Mr Teh Wing Kwan was a Non-Executive Director of the Company at the end of 1H2016 and subsequently resigned on 2 August 2016.

Mr Chan Heng Fai had also provided a personal guarantee for the short term loan of A$0.6 million from an Australian financial institution for the Mandurah development in Perth. Please refer to section 1(b)(ii) for further details.

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 2016 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
12 August 2016

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, #40-01A Hong Leong Building, Singapore 048581, telephone: +65 6415-9886.