



Corporation Ltd

Company Registration No: 197001030G
(Incorporated in Singapore)

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

TABLE OF CONTENTS

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
2. STATEMENTS OF FINANCIAL POSITION
3. CONSOLIDATED STATEMENT OF CASH FLOWS
4. STATEMENTS OF CHANGES IN EQUITY
5. CHANGES IN SHARE CAPITAL
6. CHANGES IN TREASURY SHARES
7. CHANGES IN SUBSIDIARY HOLDINGS
8. GROUP BORROWINGS AND DEBT SECURITIES
9. AUDITOR'S REPORT
10. ACCOUNTING POLICIES
11. CHANGES IN THE ACCOUNTING POLICIES
12. EARNINGS PER SHARE
13. NET ASSET VALUE PER SHARE
14. VARIANCE FROM FORECAST STATEMENT
15. REVIEW OF CORPORATE PERFORMANCE
16. BUSINESS OUTLOOK
17. INTERESTED PERSON TRANSACTIONS
18. DIVIDEND
19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL
20. CONFIRMATION BY THE BOARD

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 30 June 2019 ("1H 2019")

	Group		Change %
	1H 2019 S\$'000	1H 2018 S\$'000	
Revenue	312,464	426,865	-27%
Materials and subcontract costs	(202,663)	(313,997)	-35%
Employee benefits	(30,493)	(28,539)	7%
Depreciation and amortisation	(12,192)	(3,131)	289%
Finance costs	(19,095)	(14,799)	29%
Other operating expenses	(40,848)	(55,015)	-26%
Interest income	4,011	6,686	-40%
Rental income	1,211	1,230	-2%
Other income	3,081	4,089	-25%
Share of results of associates and a joint venture	11,984	1,443	730%
Profit before tax	27,460	24,832	11%
Taxation	(9,364)	(7,778)	20%
Profit for the period	18,096	17,054	6%
Other comprehensive income			
Net fair value changes on debt and equity instruments at fair value through other comprehensive income	3,341	(5,200)	n.m
Foreign currency translation	(2,405)	(6,481)	-63%
Share of other comprehensive income of an associate and a joint venture	6,764	373	n.m
Other comprehensive income for the period, net of tax	7,700	(11,308)	n.m
Total comprehensive income for the period	25,796	5,746	349%
Profit attributable to:			
Owners of the Company	14,765	13,578	9%
Non-controlling interests	3,331	3,476	-4%
	18,096	17,054	6%
Total comprehensive income attributable to:			
Owners of the Company	22,668	4,413	414%
Non-controlling interests	3,128	1,333	135%
	25,796	5,746	349%
Earnings per ordinary share (cents)			
-Basic	0.76	0.70	9%
-Diluted	0.76	0.70	9%

Other information :-

	Group		Change %
	1H 2019 S\$'000	1H 2018 S\$'000	
Other Income			
Foreign exchange gain	39	336	-88%
Net fair value gain on derivatives	923	38	n.m
Reversal of impairment in investment securities	-	1,860	n.m
Government grants and other miscellaneous income	2,119	1,855	14%
	3,081	4,089	
Other operating expenses	(40,848)	(55,015)	
<u>Included in other operating expenses</u>			
Net foreign exchange loss	(3,589)	(6,145)	-42%
Manufacturing and melting loss	(264)	(338)	-22%
Property, plant and equipment written off	(458)	(452)	1%
Impairment loss on property, plant and equipment	(439)	-	n.m
Interest receivables written-off	(11)	-	n.m

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 April 2019 to 30 June 2019 ("2Q 2019")

	Group		Change %
	2Q 2019 S\$'000	2Q 2018 S\$'000	
Revenue	138,701	213,433	-35%
Materials and subcontract costs	(92,430)	(157,695)	-41%
Employee benefits	(14,970)	(15,707)	-5%
Depreciation and amortisation	(5,930)	(1,665)	256%
Finance costs	(7,751)	(7,657)	1%
Other operating expenses	(19,696)	(25,457)	-23%
Interest income	1,854	3,803	-51%
Rental income	673	570	18%
Other income	292	1,495	-80%
Share of results of associates and a joint venture	13,057	864	n.m
Profit before tax	13,800	11,984	15%
Taxation	(2,768)	(4,021)	-31%
Profit for the period	11,032	7,963	39%
Other comprehensive income			
Net fair value changes on debt and equity instruments at fair value through other comprehensive income	680	(2,481)	n.m
Foreign exchange translation	(1,673)	391	n.m
Share of other comprehensive income of associates and a joint venture	5,151	(2,179)	n.m
Other comprehensive income for the period, net of tax	4,158	(4,269)	n.m
Total comprehensive income for the period	15,190	3,694	311%
Profit attributable to:			
Owners of the Company	10,164	5,937	71%
Non-controlling interests	868	2,026	-57%
	11,032	7,963	39%
Total comprehensive income attributable to:			
Owners of the Company	14,616	1,933	656%
Non-controlling interests	574	1,761	-67%
	15,190	3,694	311%

NOTES:

- 1a. The Group recognises all inventories, 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.
- 1b. The decrease in materials and subcontract costs in 1H 2019 and 2Q 2019 was mainly due to lower revenue for the real estate and pawnbroking businesses.
- 1c. The increase in employee benefits for 1H 2019 was mainly due to higher staff costs for overseas jewellery business. The lower employee benefits for 2Q 2019 was mainly due to lower staff costs for Singapore real estate business.
- 1d. The significant increase in depreciation and amortisation for 1H 2019 and 2Q 2019 was mainly attributable to depreciation of right-of-use (ROU) assets arising from adoption of SFRS(I) 16 *Leases*.
- 1e. The increase in finance costs for 1H 2019 was mainly due to the adoption of SFRS(I) 15 *Revenue from Contracts with Customers*. Borrowing cost relating to contracts with customers for which an entity transfers control of units over time, should not be capitalised when the unit are no longer deemed as qualifying assets.
- 1f. Lower other operating expenses in 1H 2019 and 2Q 2019 was mainly due to the decrease of rental expenses after adoption of SFRS(I) 16 *Leases* and lower sales and marketing expenses for Singapore real estate business.
- 1g. Lower interest income in 1H 2019 and 2Q 2019 was mainly due to decrease in investment securities.
- 1h. The decrease in other income in 1H 2019 and 2Q 2019 was mainly attributable to reversal of impairment on debt instrument in 1H 2018 and 2Q 2018.
- 1i. The increase in share of results of associates and a joint venture in 1H 2019 and 2Q 2019 was largely due to recognition of gain on sale of Crowne Plaza London Kensington in April 2019 by AF Global Limited.
- 1j. The higher effective tax rate in 1H 2019 and 2Q 2019 was mainly due to the higher tax rate and unutilised tax losses for the overseas real estate business for which deferred tax assets have not been recognised for the period.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Jun-19 S\$'000	31-Dec-18 S\$'000	30-Jun-19 S\$'000	31-Dec-18 S\$'000
Non-current assets				
Property, plant and equipment	97,162	91,155	191	191
Intangible assets	9,829	10,244	1,034	1,054
Investment properties	74,260	72,523	-	-
Investment in subsidiaries	-	-	227,204	227,204
Investment in associates	18,629	19,324	-	-
Investment in joint ventures	32,789	13,346	5,000	5,000
Investment securities	41,216	99,303	425	500
Trade and other receivables	23,074	16,686	-	-
Right-of-use assets	93,718	-	-	-
Prepayments	-	1	-	-
Deferred tax assets	3,574	3,530	513	87
	394,251	326,112	234,367	234,036
Current assets				
Inventories	156,383	147,413	-	-
Contract assets	-	44,918	-	-
Development properties	528,290	590,335	-	-
Properties held for sale	68,215	76,135	-	-
Trade and other receivables	341,481	326,229	1,754	2,202
Prepayments	4,178	6,798	164	231
Due from subsidiaries (non-trade)	-	-	188,784	211,712
Due from joint ventures (non-trade)	66,101	86,099	66,101	86,093
Due from associates (non-trade)	394	276	-	-
Investment securities	7,205	3,679	75	-
Derivatives	2,828	2,537	-	-
Cash and bank balances	62,210	59,020	4,124	164
	1,237,285	1,343,439	261,002	300,402
Total assets	1,631,536	1,669,551	495,369	534,438
Current liabilities				
Trade and other payables	62,961	73,887	9,571	8,158
Due to subsidiaries (non-trade)	-	-	234,833	185,665
Due to a joint venture (non-trade)	25	25	-	-
Due to an associate (non-trade)	1,788	2,028	-	-
Provision for taxation	11,236	14,250	-	-
Lease liabilities	21,715	-	-	-
Term notes and bonds	257,511	82,750	-	83,000
Interest-bearing loans and borrowings	405,487	461,655	-	-
	760,723	634,595	244,404	276,823
Net current assets	476,562	708,844	16,598	23,579
Non-current liabilities				
Interest-bearing loans and borrowings	104,610	104,346	-	-
Term notes and bonds	240,976	505,122	-	-
Other payables	5,965	3,121	-	-
Lease liabilities	72,675	-	-	-
Deferred tax liabilities	21,676	15,804	-	-
	445,902	628,393	-	-
Total liabilities	1,206,625	1,262,988	244,404	276,823
Net assets	424,911	406,563	250,965	257,615
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	(19,260)	(27,776)	1,413	1,413
Revenue reserves	118,646	109,335	25,211	31,861
	323,727	305,900	250,965	257,615
Non-controlling interests	101,184	100,663	-	-
Total equity	424,911	406,563	250,965	257,615
Net asset value per ordinary share (in cents)	16.72	15.80	12.96	13.30

2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2a. - Review of Financial Position

Group shareholders' funds increased from S\$406.6 million as at 31 December 2018 to S\$424.9 million as at 30 June 2019. This was mainly contributed by the increase in other reserves and revenue reserves. The increase in other reserves was largely due to share of results from a joint venture.

The Group's total assets of S\$1,631.5 million as at 30 June 2019 was S\$38.0 million lower than that as at 31 December 2018. This was mainly attributable to the decrease in development properties, investment securities, contract assets, amount due from a joint venture and properties held for sale, partially offset by the increase in right-of-use assets, trade and other receivables, investment in joint venture, inventories and property, plant and equipment. The decrease in development properties and properties held for sale was mainly due to partial recognition of costs relating to the settlement of units sold for AVANT and Australia 108 projects, partially offset by on-going construction costs, interest costs and other development expenditures for Australia 108 and other overseas projects. The decrease in investment securities was largely due to the disposal of investment securities. The increase in right-of-use assets was mainly due to the adoption of SFRS(I) 16 *Leases*.

The Group's total liabilities of S\$1,206.6 million as at 30 June 2019 was S\$56.4 million lower than that as at 31 December 2018. This was largely due to the redemption of all its outstanding S\$62.8 million term notes due in June 2019 and decrease of interest bearing loans and borrowings, partially offset by increase in lease liabilities arising from the adoption of SFRS(I) 16 *Leases*.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	2Q 2019 S\$'000	2Q 2018 S\$'000	1H 2019 S\$'000	1H 2018 S\$'000
Operating activities				
Profit before tax	13,800	11,984	27,460	24,832
Adjustments for:				
Property, plant and equipment written off	442	196	458	452
Impairment loss on investment in an associate	-	26	-	31
Impairment loss on property, plant and equipment	-	-	439	-
Allowance for write-down of development properties	-	-	1,246	-
Loss/(gain) on disposal of property, plant and equipment	86	(10)	86	(10)
Net fair value gain on derivatives	(1,539)	(38)	(923)	(38)
Reversal of impairment on investment securities	-	(74)	-	(1,860)
Depreciation of property, plant and equipment	1,389	1,462	2,800	2,738
Depreciation of right-of-use assets	4,229	-	8,779	-
Write back of inventories	(141)	-	(240)	-
Interest receivables written-off	-	-	11	-
Allowance for amounts due from a joint venture	13	-	13	-
Interest expense	7,119	6,983	17,827	13,494
Interest income	(1,854)	(3,804)	(4,011)	(6,687)
Amortisation of prepaid rent	1	-	2	-
Amortisation of intangible assets	310	206	611	396
Amortisation of prepaid commitment fees	646	674	1,296	1,305
Amortisation of premium on term notes	(14)	(14)	(28)	(27)
Loss on disposal of investment securities	349	922	329	1,578
Recovery of allowance for doubtful debts	-	(101)	-	(101)
Share of results of associates and a joint venture	(13,057)	(582)	(11,984)	(999)
Unrealised foreign exchange differences	6,883	(887)	2,839	5,129
Operating profit before changes in working capital	18,662	16,943	47,010	40,233
Decrease/(increase) in:				
Inventories	(5,743)	4,259	(8,999)	5,074
Development properties	16,754	2,284	56,817	(3,042)
Properties held for sale	3,031	-	7,565	-
Trade and other receivables	23,686	(17,529)	22,142	(4,544)
Prepayments	1,194	522	1,309	924
Increase/(decrease) in:				
Trade and other payables	2,697	(12,799)	(8,339)	(6,425)
Net cash flows generated from/(used in) operations	60,281	(6,320)	117,505	32,220
Interest paid	(9,276)	(32,349)	(19,491)	(44,230)
Interest received	-	-	-	11
Income taxes paid	(7,487)	(1,020)	(7,726)	(1,218)
Net cash flows generated from/(used in) operating activities	43,518	(39,689)	90,288	(13,217)
Investing activities				
Purchase of property, plant and equipment	(5,277)	(3,106)	(9,782)	(10,987)
Proceeds from sale of property, plant and equipment	-	15	-	328
Purchase of intangible assets	(226)	-	(262)	(45)
Interest received	3,887	2,249	4,426	3,328
Purchase of investment securities	(1,495)	(34,466)	(1,497)	(88,446)
Proceeds from disposal of investment securities	56,468	29,098	59,994	71,857
Net cash outflow on acquisition of a subsidiary	-	908	-	908
Due to/(from) associates (non-trade), net	205	1,133	(308)	959
Due to/(from) a joint venture (non-trade), net	20,428	(147)	19,985	8
Net cash flows generated from/(used in) investing activities	73,990	(4,316)	72,556	(22,090)
Financing activities				
Dividends paid to shareholders of the Company	-	-	(4,841)	-
Dividends paid to non-controlling interests of subsidiaries	(1,278)	-	(2,374)	-
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	-	-	-	6,302
Proceeds from issuance of term notes and bonds	-	50,000	-	50,000
Repayment of term notes	(64,221)	(26,000)	(89,378)	(26,000)
Proceeds from term loans	1,493	43,640	33,408	137,578
Repayment of term loans	(49,257)	(10,662)	(69,164)	(20,396)
(Repayment of)/proceeds from short-term bank borrowings, net	(13,220)	11,953	(17,884)	27,181
Repayment of lease liabilities	(4,520)	-	(9,162)	-
Repayment of finance lease obligations	(42)	(18)	(84)	(36)
Due to a related company (non-trade)	-	440	-	440
Net cash flows (used in)/generated from financing activities	(131,045)	69,353	(159,479)	175,069

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2Q 2019 S\$'000	2Q 2018 S\$'000	1H 2019 S\$'000	1H 2018 S\$'000
Net (decrease)/increase in cash and cash equivalents	(13,537)	25,348	3,365	139,762
Cash and cash equivalents at beginning of period	75,925	169,102	59,020	54,888
Effects of exchange rate changes on cash and cash equivalents	(178)	(79)	(175)	(279)
Cash and cash equivalents at end of period	62,210	194,371	62,210	194,371

Cash and cash equivalents

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

	1H 2019 S\$'000	1H 2018 S\$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	13,173	12,249
Cash at bank	49,037	182,122
Cash and cash equivalents	62,210	194,371

3a. - Cashflow Analysis

2Q 2019

Net cash generated from operating activities for 2Q 2019 was S\$43.5 million compared to net cash used in operating activities of S\$39.7 million in 2Q 2018. This was mainly attributable to decrease in trade and other receivables, development properties and properties held for sale, partially offset by increase in inventories. The decrease in trade and other receivables was mainly attributable to the receipt from CityGate project after Certificate of Statutory Completion and Subsidiary Strata Certificate of Title in 2Q 2019. The decrease in development properties and properties held for sale was mainly due to partial 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 other development expenditures for Australia 108 and other overseas projects.

Net cash generated from investing activities of S\$74.0 million in 2Q 2019 was largely attributable to proceeds from disposal of investment securities and decrease in amount due to a joint venture (non-trade), partially offset by increase in property, plant and equipment.

Net cash used in financing activities was S\$131.0 million in 2Q 2019 compared to net cash generated from financing activities of S\$69.4 million in 2Q 2018. This was mainly due to the redemption of all of the Group's outstanding S\$62.8 million term notes due in June 2019 and the repayment of term loans and short-term borrowings.

1H 2019

Net cash generated from operating activities for 1H 2019 was S\$90.3 million as compared to net cash used in operating activities of S\$13.2 million in 1H 2018. This was mainly attributable to decrease in development properties, trade and other receivables and properties held for sale, partially offset by increase in inventories and decrease in trade and other payables. The decrease in development properties and properties held for sale was mainly due to partial recognition of costs 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 other development expenditures for Australia 108 and other overseas projects.

Net cash generated from investing activities of S\$72.6 million in 1H 2019 was largely attributable to proceeds from disposal of investment securities and decrease in amount due to a joint venture (non-trade), partially offset by increase in property, plant and equipment.

Net cash used in financing activities was S\$159.5 million in 1H 2019 as compared to net cash generated from financing activities of S\$175.1 million for 1H 2018. The net cash used in financing activities was mainly due to buy-back and cancellation of term notes in first quarter of 2019, the redemption of all of the Group's outstanding S\$62.8 million term notes due in June 2019, and the repayment of term loans and short-term borrowings.

As a result, cash and cash equivalent balances increased to S\$62.2 million as at 30 June 2019 from S\$59.0 million as at 31 December 2018.

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 2019	226,930	(2,589)	109,335	(27,776)	100,663	406,563
Profit for the period	-	-	14,765	-	3,331	18,096
<i>Other comprehensive income for the period</i>						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	2,986	355	3,341
Foreign currency translation	-	-	-	(1,847)	(558)	(2,405)
Share of other comprehensive income of an associate and a joint venture	-	-	-	6,764	-	6,764
Other comprehensive income, net of tax	-	-	-	7,903	(203)	7,700
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash	-	-	(4,841)	-	(2,607)	(7,448)
Total contributions by and distributions to owners	-	-	(4,841)	-	(2,607)	(7,448)
<i>Others</i>						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(613)	613	-	-
Total Others	-	-	(613)	613	-	-
Balance as at 30 June 2019	226,930	(2,589)	118,646	(19,260)	101,184	424,911
Balance as at 1 January 2018						
- As previously reported	226,930	(2,589)	96,231	16,438	89,738	426,748
- Effects of adopting SFRS(I) 1	-	-	13,104	(28,314)	-	(15,210)
- Effects of adopting SFRS(I) 15	-	-	(2,591)	-	(288)	(2,879)
- As restated	226,930	(2,589)	106,744	(11,876)	89,450	408,659
- Effects of adopting SFRS(I) 9	-	-	(9,367)	7,835	-	(1,532)
- As restated	226,930	(2,589)	97,377	(4,041)	89,450	407,127
Profit for the period	-	-	13,578	-	3,476	17,054
<i>Other comprehensive income for the period</i>						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	(4,537)	(663)	(5,200)
Foreign currency translation	-	-	-	(5,001)	(1,480)	(6,481)
Share of other comprehensive income of a joint venture	-	-	-	373	-	373
Other comprehensive income, net of tax	-	-	-	(9,165)	(2,143)	(11,308)
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash dividends	-	-	(4,841)	-	(2,518)	(7,359)
Premium on dilution of interests in subsidiary	-	-	-	253	(253)	-
Capital contribution from non-controlling interests	-	-	-	(74)	8,608	8,534
Total contributions by and distributions to owners	-	-	(4,841)	179	5,837	1,175
<i>Changes in ownership interests in subsidiaries</i>						
Acquisition of non-controlling interests in a subsidiary	-	-	-	(3,727)	2,720	(1,007)
Changes in ownership interests in subsidiaries without a change in control	-	-	(89)	(3)	92	-
Total changes in ownership interests in subsidiaries	-	-	(89)	(3,730)	2,812	(1,007)
Balance as at 30 June 2018	226,930	(2,589)	106,025	(16,757)	99,432	413,041

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 2019	226,930	(2,589)	31,861	1,413	-	257,615
Loss for the period, representing total comprehensive income for the period	-	-	(1,809)	-	-	(1,809)
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash dividends	-	-	(4,841)	-	-	(4,841)
Total contributions by and distributions to owners	-	-	(4,841)	-	-	(4,841)
Balance as at 30 June 2019	226,930	(2,589)	25,211	1,413	-	250,965
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	-	-	2,058	-	-	2,058
<i>Contributions by and distributions to owners</i>						
Dividends on ordinary shares - Cash dividends	-	-	(4,841)	-	-	(4,841)
Total contributions by and distributions to owners	-	-	(4,841)	-	-	(4,841)
Balance as at 30 June 2018	226,930	(2,589)	25,932	1,413	-	251,686

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 and 30 June 2019	1,936,491	224,341

6. CHANGES IN TREASURY SHARES

There were no (30 June 2018: nil) treasury shares transferred to employees under the Aspiat Share Award Scheme during the financial period.

	Company	
	No. of shares '000	S\$ '000
Balance at 1 January, 31 March and 30 June 2019	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-Jun-19		As at 31-Dec-18	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
405,487	257,511	461,655	82,750

Amount repayable after one year

As at 30-Jun-19		As at 31-Dec-18	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
104,610	240,976	104,346	505,122

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 paragraph 11 below, the Group has applied the same accounting policies and methods of computation in the second quarter results announcement for the current financial period ended 30 June 2019 as those of the audited financial statements for the financial year ended 31 December 2018, as well as all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2019.

The adoption of other SFRS(I) and Interpretations of SFRS(I) relevant to the Group's operations which are effective for annual periods beginning on or after 1 January 2019 does not have a material impact on the financial statements, except as disclosed in paragraph 11 below.

11. CHANGES IN THE ACCOUNTING POLICIES

The Group has adopted the SFRS(I) 16 *Leases* with effect from 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

12. EARNINGS PER SHARE

	Group		Group	
	2Q 30-Jun-19 cents	2Q 30-Jun-18 cents	1H 30-Jun-19 cents	1H 30-Jun-18 cents
i) Basic earnings per share (cents)	0.52	0.31	0.76	0.70
ii) Diluted earnings per share (cents)	0.52	0.31	0.76	0.70
-Weighted average number of shares (excluding treasury shares) ('000)	1,936,491	1,936,491	1,936,491	1,936,491

13. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
Net asset value per ordinary share (in cents)	16.72	15.80	12.96	13.30
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 June 2019 was previously provided.

15. REVIEW OF CORPORATE PERFORMANCE

Group revenue of S\$312.5 million for 1H 2019 was S\$114.4 million or 26.8% lower than the corresponding period in 2018. All three core businesses recorded lower revenue in 1H 2019.

For 2Q 2019, Group revenue was down S\$74.7 million or 35.0% to S\$138.7 million from that of the corresponding period in 2018.

Revenue from Real Estate Business declined by 37.7% from S\$257.8 million in 1H 2018 to S\$160.7 million in 1H 2019. The lower revenue was mainly due to fewer development projects in 2019. The revenue for 1H 2019 was mainly contributed by Australia 108 as compared to 1H 2018 where there were contributions from CityGate, AVANT and Australia 108.

Revenue from the Financial Service Business decreased by S\$17.5 million or 16.0% to S\$92.0 million in 1H 2019. This was mainly due to lower sales from the retailing and trading of jewellery and branded merchandise. This was partly offset by higher revenue from the pawnbroking and secured lending operations.

The Jewellery Business recorded revenue of S\$63.4 million in 1H 2019 as compared to S\$68.0 million in 1H 2018. The lower revenue was mainly due to lower sales from Singapore operations.

The Group's pre-tax profit for 1H 2019 was S\$27.5 million, 10.9% higher than the S\$24.8 million in 1H 2018. For 2Q 2019, the Group's pre-tax profit of S\$13.8 million was S\$1.8 million higher than that of the corresponding quarter in 2018.

Pre-tax profit for the Real Estate Business decreased by S\$5.2 million or 23.6% to S\$16.8 million in 1H 2019 due mainly to fewer development projects in 1H 2019.

The Financial Service Business registered a pre-tax profit of S\$6.8 million for 1H 2019, which is 2.2% higher than 1H 2018. The increase in pre-tax profit was mainly due to higher profit contributions from pawnbroking and secured lending operations and lower foreign exchange loss partially offset by lower profit contribution from the retail and trading of jewellery and branded merchandise.

The Jewellery Business registered a pre-tax loss of S\$2.1 million in 1H 2019 as compared to S\$0.7 million in 1H 2018. The higher loss was mainly due to higher operating costs for overseas retail operations partially offset by a reduction in operating costs for Singapore retail operation.

The share of results from associates and a joint venture was mainly attributable to the higher profit from its share of profit from AF Global Limited.

16. BUSINESS OUTLOOK

Real Estate Business

In Singapore, the Group will continue to sell the remaining commercial units in CityGate project, which obtained TOP in December 2018.

The Group continues to make good progress with the construction of the Australia 108 project in 1H 2019.

As at the date of this announcement, the Group has completed 85% of the construction of Australia 108 and construction on site has progressed to level 93 for the central core and 87 for the entire floor out of a total of 101 levels. The Group expects the Australia 108 project to contribute positively to the Group's revenue and profitability for FY2019 and FY2020 as construction completes progressively.

In July 2019, the Group commenced the operations of a new boutique hotel comprising 26 keys (with a total of 36 rooms) at 83-89 Jalan Macalister, Georgetown, Penang. The Group expects its hotel portfolio in Penang to increase from the present 72 keys (with a total of 121 rooms) to about 350 keys (with a total of about 410 rooms) by the end of 2020. Overall, the business and occupancy of its hotels has been encouraging.

Financial Service Business

The Group will continue to grow its core business of pawnbroking and retailing of new and pre-owned merchandise despite keen competition and increasing 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 sentiments to remain fairly stable and will continue to improve the operational effectiveness and efficiency of its Jewellery Business.

AF Global Limited ("AFG")

The existing core business of AFG, namely the hotel and serviced residence business, is expected to remain stable and contribute positively to the Group.

In China, the Xuzhou Gulou Square is still under court proceedings and the Group will update when there is any material development.

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 has declined substantially in 1H 2019 in terms of its loans and borrowings and outstanding term notes and bonds.

Total loans and borrowings of S\$510.1 million as at 30 June 2019 was S\$63.6 million lower than 31 March 2019 mainly due to the repayment of loans for Australia 108 project.

Of the total loans and borrowings of S\$510.1 million, about S\$182.7 million was property development-related loans for the Real Estate Business and the balance of S\$327.4 million was mainly working capital/mortgage loan for its Financial Service Business, Jewellery Business, investment in properties and securities.

As at 30 June 2019, the Group has outstanding term notes and bonds of S\$498.5 million (including Maxi-Cash Financial Services Corporation Limited's term notes of S\$65.5 million), which was S\$64.2 million lower than the amount as at 31 March 2019 due to the redemption of notes due June 2019 and open market purchases of bonds and term notes by the Group.

The Group expects to improve its debt and cash profile in the coming quarters as it expects to receive cash proceeds from the settlement and handover of units for Australia 108.

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 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.

Barring unforeseen circumstances such as unfavorable changes in Australian and Malaysian currencies, the Group expects to be profitable in FY2019.

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?

Yes

Name of dividend	1H 2019
Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	0.38 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?

Yes

Name of dividend	1H 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	5 September 2018
Payment date	14 September 2018

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. 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 six months ended 30 June 2019 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng
CEO

Koh Lee Hwee
Director

8 August 2019