

FIRST QUARTER AND THREE MONTHS FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 31 JULY 2014

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) 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.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's circular to Shareholders dated 31 March 2014 (the "Circular").

On 25 April 2014, the Company had obtained shareholders' approvals on resolutions relating to the Proposed Acquisition.

On 7 May 2014, the Company announced that the Proposed Acquisition had been completed with the issuance of 714,285,714 Consideration Shares to the Vendor on an unconditional basis at the issue price of S\$0.21 each. The Company had fully acquired the entire share capital of the KOPP Group, satisfied by the allotment and issuance of new ordinary shares in the capital of the Company to the shareholders of the KOPP Group.

Upon the completion of the Reverse Takeover ("RTO"), the enlarged group comprised:

- (i) Scorpio East Holdings Ltd. (now known as KOP Limited) and the Operating Subsidiaries (hereinafter refer to as the "Scorpio Group"); and
- (ii) KOPP Group.

(collectively, the "Enlarged Group")

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

At Group Level

The Acquisition has been accounted for as a reverse acquisition in accordance to FRS 103 Business Combinations, where the legal subsidiary, KOPP Group, is regarded as the acquirer and the Company as the acquiree for accounting purposes. Accordingly, the Enlarged Group's consolidated statement of comprehensive income, statements of financial position, statements of changes in equity and consolidated statement of cash flows for the three-month period ended 31 July 2014 have been presented as a continuation of KOPP Group's financial results and operations.

Since such consolidated financial statements represent a continuation of the KOPP Group:

- (a) the assets and liabilities of the KOPP Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amounts;
- (b) the assets and liabilities of the Scorpio Group are recognised and measured in accordance to FRS 103 Business Combinations;
- (c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the KOPP Group immediately before the business combination;
- (d) the amount recognised as issued equity interest in the consolidated financial statements is determined by adding to the issued equity of KOPP Group immediately before the business combination to the fair value of Scorpio Group. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the legal parent (i.e. the Company) to effect the combination; and
- (e) the comparative figures presented in these consolidated financial statements are that of consolidated financial statements of the KOPP Group.

1(a)(i) 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 financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent (i.e. the acquiree for accounting purposes). Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfy the recognition criteria at their fair values at 6 May 2014.

At Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. Therefore, in the Company's financial statements, the investment in the legal subsidiaries (KOPP Group) is accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

Notes:

- The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the three months ended 31 July 2014 refer to the Enlarged Group which consists of the results of the KOPP Group for the period from 1 May 2014 to 31 July 2014 and results of the Scorpio Group for the period from 6 May 2014 to 31 July 2014.
- The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the three months ended 31 July 2013 refer to the results of the KOPP Group for the period from 1 May 2013 to 31 July 2013.
- The Group's consolidated statement of financial position as at 31 July 2014 refers to the Enlarged Group which consists of the assets and liabilities of the KOPP Group and the Scorpio Group as at 31 July 2014.
- The Group's consolidated statement of financial position as at 30 April 2014 refers to the consolidated statement of financial position of the KOPP Group.
- The Company's statement of financial position as at 31 July 2014 and 31 April 2014 and the statement of changes in equity for the three months ended 31 July 2014 and 31 July 2013 refer to that of KOP Limited.
- As KOP Limited financial year end is on 30 April and are unable to change the financial year end to match the financial year end of KOPP Group until the Annual Returns have been filed, the First Quarter announcement has been prepared based on the financial year end of KOP Limited.

1(a)(i) 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.

	GROUP		Change %
	1QFY2015 3 months ended 31-Jul-14 (Unaudited) S\$'000	1QFY2014 3 months ended 31-Jul-13 (Unaudited) S\$'000	
Revenue	6,480	3,871	67
Cost of sales	<u>(3,203)</u>	<u>(2,244)</u>	43
Gross profit	3,277	1,627	101
Other income	206	2,849	(93)
General and administrative expenses	(5,503)	(4,546)	21
Finance expenses	(260)	(397)	(35)
Share of results from interest in associate	(711)	(462)	54
Share of results from investment in associated companies	<u>(72)</u>	<u>-</u>	n.m
Loss before income tax	(3,063)	(929)	230
Income tax expense	<u>(228)</u>	<u>(14)</u>	1,529
Loss for the period	(3,291)	(943)	249
Other comprehensive loss for the period:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations	<u>(18)</u>	<u>35</u>	n.m.
Total comprehensive loss for the period	<u>(3,309)</u>	<u>(908)</u>	264
Profit/(loss) attributable to:			
Owners of the Group	(3,014)	(978)	208
Non-controlling interests	<u>(277)</u>	<u>34</u>	n.m
	<u>(3,291)</u>	<u>(944)</u>	249
Total comprehensive profit/(loss) attributable to:			
Owners of the Group	(3,062)	(943)	225
Non-controlling interests	<u>(247)</u>	<u>35</u>	n.m.
	<u>(3,309)</u>	<u>(908)</u>	264

n.m : not meaningful

1(a)(ii) Loss before income tax is determined after charging / (crediting):-

	GROUP		Change %
	1QFY2015 3 months ended 31-Jul-14 (Unaudited) S\$'000	1QFY2014 3 months ended 31-Jul-13 (Unaudited) S\$'000	
<u>Expenses / (Income)</u>			
Depreciation of property, plant and equipment (Note a)	729	373	95
Amortisation of intangible assets (Note b)	34	-	n.m
Interest income (Note c)	(60)	(137)	(56)
Net foreign exchange losses/ (gains)	102	(131)	n.m
Interest expense (Note d)	240	359	(33)

n.m: not meaningful

Notes:

- a. Increase in depreciation expenses is mainly due to an increase in property, plant and equipment, as well as additional depreciation from Scorpio Group amounting to S\$0.227 million in the current financial period.
- b. Amortisation expenses relates to the amortisation of free tv/ paid tv/ video rights. These intangible assets are acquired by the Scorpio Group prior to the RTO.
- c. In June 2013, KOPP Group subscribed for a total amount of S\$3.3 million worth of a new series of Junior Notes issued by its associate, Royce Properties Pte Ltd. At the same time, the old series of Junior Notes in which KOPP Group has subscribed to, for an amount of S\$11.0 million, has been redeemed by Royce Properties Pte Ltd. Both the new and old series of Junior Notes bears interests at 10% per annum. As a result of the reduction in the face value of the Junior Notes subscribed by KOPP Group, interest income earned by the Group has decreased accordingly.
- d. Interest expense decreased mainly due to the repayment of a S\$13.75 million loan during 1QFY2014.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31-Jul-14	30-Apr-14	31-Jul-14	30-Apr-14
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	6,221	5,981	140	37
Trade and other receivables	29,224	8,131	22,518	1,834
Prepaid film rights	401	-	-	-
Development Properties	51,814	52,892	-	-
Inventories	455	354	-	-
Total current assets	88,115	67,358	22,658	1,871
Non-current assets:				
Intangible assets	644	-	-	-
Goodwill	16,671	-	-	-
Investment in subsidiaries	-	-	246,286	2,715
Investment in associated companies	-	72	-	-
Interest in associate	31,247	31,914	-	-
Property, plant and equipment	61,411	40,881	-	-
Investment property	7,461	-	-	-
Deferred tax assets	1,644	1,665	-	-
Total non-current assets	119,078	74,532	246,286	2,715
Total assets	207,193	141,890	268,944	4,586
LIABILITIES AND EQUITY				
Current liabilities:				
Bank Overdraft and loans (secured)	25,328	22,010	-	-
Trade and other payables	53,348	48,724	949	1,000
Finance lease	715	48	-	-
Income tax payable	4,375	4,532	4	4
Total current liabilities	83,766	75,314	953	1,004
Non-current liabilities:				
Bank loans (secured)	30,668	22,789	-	-
Finance lease	784	272	-	-
Sales proceeds received in advance	11,312	12,118	-	-
Other payables	72	72	-	-
Deferred tax liabilities	1,352	1,352	-	-
Total non-current liabilities	44,188	36,603	-	-

1(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. (Cont'd)

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>31-Jul-14</u> S\$'000 (Unaudited)	<u>30-Apr-14</u> S\$'000 (Unaudited)	<u>31-Jul-14</u> S\$'000 (Unaudited)	<u>30-Apr-14</u> S\$'000 (Audited)
Represented by:				
Share capital	67,861	15,000	189,856	18,396
Share premium	-	-	93,571	-
Other reserves	1,196	1,244	-	-
Accumulated profits/(losses)	9,688	12,702	(15,436)	(14,814)
Equity attributable to owners of the Company	78,745	28,946	267,991	3,582
Non-controlling interests	494	1,027	-	-
Total equity	<u>79,239</u>	<u>29,973</u>	<u>267,991</u>	<u>3,582</u>
Total liabilities and equity	<u>207,193</u>	<u>141,890</u>	<u>268,944</u>	<u>4,586</u>

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

	<u>GROUP</u>			
	<u>As at 31-Jul-14</u> (Unaudited)		<u>As at 30-Apr-14</u> (Unaudited)	
	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000
Amount repayable in one year or less, or on demand	26,043	-	22,058	-
Amount repayable after one year	31,452	-	23,061	-
	<u>57,495</u>	<u>-</u>	<u>45,119</u>	<u>-</u>

Details of any collateral:

The Group's borrowings are secured by the Group's properties, corporate guarantees issued by KOP Limited and its subsidiary, KOP Properties Pte Ltd, personal guarantees from certain directors and assets under fixed term lease financing.

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

	GROUP	
	3 months ended 31-Jul-14 S\$'000 (Unaudited)	3 months ended 31-Jul-13 S\$'000 (Unaudited)
Operating activities		
Loss before income tax	(3,063)	(929)
Adjustments for :-		
Amortisation expense	34	-
Foreign exchange adjustments	(115)	416
Depreciation of property, plant and equipment	729	373
Interest expense	240	359
Interest income	(60)	(137)
Other income	-	(1,227)
Management fee income from immediate holding corporation	-	(1,125)
Share of results from interest in associate	711	462
Share of results of investment in associate companies	72	-
Operating cash flows before movements in working capital	(1,452)	(1,808)
Trade and other receivables	(19,249)	4,814
Development properties	1,567	(20,929)
Prepaid film rights	47	-
Inventories	13	(36)
Trade and other payables	271	12,598
Sales proceeds received in advance	(806)	2,221
Cash used in operations	(19,609)	(3,140)
Interest paid	(683)	(345)
Interest received	10	14
Income tax paid	(368)	(502)
Net cash used in operating activities	(20,650)	(3,973)
Investing activities		
Repurchase of junior notes and redemption of preference shares	-	12,285
Completion of RTO, net of cash acquired	485	-
Acquisition of junior notes	-	(3,300)
Purchase of property, plant and equipment	(353)	(3,200)
Net cash generated from investing activities	132	5,785
Financing activities		
Proceeds from issuance of ordinary shares	21,460	-
Proceeds from bank loans and overdrafts	1,330	15,068
Repayment of bank loans	(1,856)	(15,214)
Increase in restricted cash placed in escrow accounts	(415)	(1,377)
Repayment of obligation under finance lease	(176)	(11)
Net cash generated from (used in) financing activities	20,343	(1,534)
Net (decrease) increase in cash and cash equivalents	(175)	278
Cash and cash equivalents at beginning of year	4,222	2,600
Cash and cash equivalents at end of financial period	4,047	2,878

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	GROUP	
	<u>31-Jul-14</u>	<u>31-Jul-13</u>
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Cash and cash equivalents		
Balance as per balance sheet	6,221	5,253
Less : Restricted cash placed in escrow accounts	<u>(2,174)</u>	<u>(2,375)</u>
Balance as per cash flow statement	<u>4,047</u>	<u>2,878</u>

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Group Statement of Changes in Equity

GROUP	Share capital S\$'000	Share premium S\$'000	Other reserves S\$'000	Accumulated profits/ (losses) S\$'000	Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 May 2014	15,000	-	1,244	12,702	28,946	1,027	29,973
Issue of consideration shares	150,000	93,571	-	-	243,571	(286)	243,285
Effect of reverse acquisition accounting	(118,599)	(93,571)	-	-	(212,170)	-	(212,170)
Issue of shares for cash	21,460	-	-	-	21,460	-	21,460
Total comprehensive loss	-	-	(48)	(3,014)	(3,062)	(247)	(3,309)
As at 31 July 2014	67,861	-	1,196	9,688	78,745	494	79,239

GROUP	Share capital S\$'000	Share premium S\$'000	Other reserves S\$'000	Accumulated profits/ (losses) S\$'000	Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 May 2013	15,000	-	1,329	13,921	30,250	1,264	31,514
Total comprehensive loss	-	-	34	(977)	(943)	35	(908)
As at 31 July 2013	15,0008	-	1,363	12,944	29,307	1,299	30,606

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Group Statement of Changes in Equity (Cont'd)

COMPANY	Shares capital S\$'000	Shares premium S\$'000	Accumulated losses S\$'000	Total equity S\$'000
As at 1 May 2014	18,396	-	(14,814)	3,582
Issue of consideration shares	150,000	93,571	-	243,571
Issue of shares	21,460	-	-	21,460
Total comprehensive loss	-	-	(622)	(622)
As at 31 July 2014	189,856	93,571	(15,436)	267,991

COMPANY	Shares capital S\$'000	Shares premium S\$'000	Accumulated profits/(losses) S\$'000	Total equity S\$'000
As at 1 May 2013	16,186	-	(9,014)	7,172
Issue of shares	2,210	-	-	2,210
Total comprehensive profit	-	-	80	80
As at 31 July 2013	18,396	-	(8,934)	9,462

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 periods reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No of Shares	Resultant Share Capital S\$
<u>Issued and Paid-Up Capital</u>		
As at 30 April 2014 (audited)	184,168,117	18,396,087
After share consolidation of every two shares into one consolidated shares	92,084,057	18,396,087
Share Capital of KOPP Group as at 6 May 2014	15,000,000	15,000,000
Reverse Takeover: 714,285,714 ordinary shares of par value S\$0.21 each	714,285,714	150,000,000
Effects of reverse acquisition	(15,000,000)	(15,000,000)
Share placement	80,000,000	21,460,000
Issued and paid-up capital as at 31 July 2014 (unaudited)	886,369,771	189,856,087

The Company does not have treasury shares or any outstanding convertibles as at 31 July 2014 and 31 July 2013 respectively.

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.

	<u>31 July 2014</u>	<u>30 April 2014</u>
	(Unaudited)	(Audited)
Total number of issued shares (excluding treasury shares)	886,369,771	184,168,117

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

The Company does not have any treasury shares.

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 qualification or emphasis of a 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.

Except as disclosed in paragraph 5, the Group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 30 April 2014.

5. If there were 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 and the Company has adopted the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 May 2014. The adoption of these new/revised FRSs INT FRSs and amendments to FRSs has no material impact on the financial performance or position of the Group.

6. Loss 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.

	3 months ended 31 July <u>2014</u> (Unaudited)	3 months ended 31 July <u>2013</u> (Unaudited)
Loss per ordinary share ("LPS") for the 3 months period ended:		
(a) based on weighted average number of ordinary shares on issue	(0.36 cents)	(0.14 cents)
(b) on a fully diluted basis	(0.36 cents)	(0.14 cents)
Weighted average number of ordinary shares	<u>830,220,703</u>	<u>714,285,714</u>

Notes:

- Fully diluted LPS is the same as basic LPS as there is no issuance of dilutive instruments.

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.

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>31 July 2014</u> (Unaudited)	<u>30 April 2014</u> (Unaudited)	<u>31 July 2014</u> (Unaudited)	<u>30 April 2014</u> (Unaudited)
Net asset value ("NAV") per ordinary share based on issued share capital as at end of the period reported on	8.94 cents	4.20 cents	30.23 cents	3.89 cents
No of shares	<u>886,369,771</u>	<u>714,285,714</u>	<u>886,369,771</u>	<u>92,084,057</u>

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.

	Revenue			
	1QFY2015	1QFY2014	change	change
	S\$'000	S\$'000	S\$'000	%
Real estate development and investment	2,005	1,127	878	77.9
Real estate origination and management services	636	218	418	191.7
Hospitality	3,217	2,526	691	27.4
Entertainment	622	-	622	n.m
Total	6,480	3,871	2,609	67.40

(a) Revenue

Revenue for the financial period ended 31 July 2014 ("1QFY2015") increased by S\$2.609 million or 67% from S\$3.871 million in 1QFY2014 to S\$6.480 million in 1QFY2015. This was mainly due to an increase in revenue from hospitality operations amounting to S\$0.691 million, an increase in sales of properties (under real estate development and investment) amounting to S\$0.878 million, an increase in real estate origination and management services income amounting to S\$0.418 million and also contribution from the entertainment division amounting to \$0.622 million due to the reverse acquisition of Scorpio Group on the 6th of May 2014.

The increase in revenue from the real estate development and investment segment is mainly due to more properties sold in 1QFY2015 as compared to 1QFY2014.

The increase in real estate origination and management services is mainly due to a one-off billing amounting to S\$0.380 million for coordination and broker fees billed to a third party in relation to a UK property acquisition.

The increase in hospitality operations is mainly due to an increase in occupancy and revenue per available room in relation to the Group's resort in Montigo, Nongsa.

Gross Profit/ Gross Profit Margin

Gross profit increased by S\$1.650 million or 101% to S\$3.277 million in 1QFY2015 from S\$1.627 million in 1QFY2014. The increase was mainly due to the increase in revenue contribution from all business segments of the Group as well as contribution from entertainment division amounting to S\$0.285 million due to the reverse acquisition of the Scorpio Group.

Gross profit margin increased by 8.6 percentage points from 42.0% in 1QFY2014 to 50.6% in 1QFY2015. The increase is mainly due to improved margins from the sales of properties in Montigo, Nongsa as a result of better pricing for the properties sold in 1QFY2015 as compared to 1QFY2014. Improved margins from the real estate origination and management services segment, as a result of a one-off billing amounting to S\$0.380 million for coordination and broker fees billed to a third party in relation to a UK property acquisition, also contributed to the increase in gross profit margin for 1QFY2015.

Other Income

Other income decreased by S\$2.643 million or 93% to S\$0.206 million in 1QFY2015 from S\$2.849 million in 1QFY2014. The decrease was mainly due to a management fee charged to its immediate holding company amounting to S\$1.125 million and also a reimbursement fee charged to its immediate holding company amounting to S\$1.227 million in 1QFY2014 and no such fees have been charged as at 1QFY2015.

General and administrative expenses

General and administrative expenses increased by S\$0.957 million or 21% from S\$4.546 million in 1QFY2014 to S\$5.503 million in 1QFY2015. The increase was mainly due to general administrative expenses contributed by the Scorpio Group amounting to S\$0.920 million and the expenses incurred by KOP Management Services (Shanghai), which was newly incorporated in September 2013, amounting to S\$0.375 million and increase in RTO expenses of S\$0.300 million, offset by decrease in personnel costs amounting to S\$0.164 million and decrease in marketing expenses amounting to S\$0.500 million.

Finance Expenses

Finance expenses decreased by S\$0.137 million or 35% from S\$0.397 million in 1QFY2014 to S\$0.260 million in 1QFY2015. The decrease was mainly due to the repayment of a S\$13.75 million loan during 1QFY2014.

Share of results of interests in associate

The share of loss of interests in associate has increased from S\$0.462 million in 1QFY2014 to S\$0.711 million in 1QFY2015. The increase is mainly due to additional losses suffered by Royce Properties Pte Ltd as there has been no sales in Ritz Carlton Residences in 1QFY2015.

Loss for the period

Due to the Group's nature of business, the loss recorded for the period is mainly due to the fact that there is a decrease in demand for its properties. The decrease in demand is mainly due to property cooling measures introduced by the Singapore Government, over the last few years, to encourage greater financial prudence among property purchasers. This has impacted demand, especially among high-end properties such as Ritz Carlton Residences.

The Group will be increasing its efforts in the marketing of its properties in future periods.

As a result of the above, the Group recorded a net loss after tax of S\$3.291 million in 1QFY2015 vis-à-vis a net loss after tax of S\$0.943 million in 1QFY2014.

- (b) Total assets of the Group increased by S\$65.303 million or 46% from S\$141.890 million as at 30 April 2014 to S\$207.193 million as at 31 July 2014. The increase was mainly due to:
1. Increase in trade and other receivable by S\$21.093 million mainly due to advances to associated company for the payment of deposits related to the acquisition of Prudential Tower;
 2. Increase in prepaid film right, inventories and intangible assets by S\$1.146 million due to the reverse acquisition of Scorpio Group in May 2014.
 3. Increase in goodwill by S\$16.671 million arising from FRS 103 Business Combinations, due to the reverse acquisition of Scorpio Group in May 2014. The goodwill is currently recognised on a provisional basis, subject to the completion of the purchase price allocation exercise currently in progress;
 4. Increase in property, plant and equipment by S\$20.530 million due to the reverse acquisition of Scorpio Group in May 2014; and
 5. Increase in investment property by S\$7.461 million due to the reverse acquisition of Scorpio Group in May 2014. The investment property relates to units rented out to external parties in Scorpio East Building at 25 Tai Seng Avenue.

The increase is offset by:

1. Decrease in interest in associate of S\$0.667 million mainly due to share of loss of interest in associate; and
2. Decrease in development properties by S\$1.078 million due to the sales of properties in Montigo Resorts, Nongsa.

Total liabilities of the Group increased by S\$16.037 million or 14% from S\$111.917 million as at 30 April 2014 to S\$127.954 million as at 31 July 2014 mainly due to:

1. Increase in bank loans of S\$11.197 million mainly due to the reverse acquisition of Scorpio Group in May 2014, offset by bank loan repayments throughout the financial period under review;
2. Increase in trade and other payables of S\$4.624 million due to the reverse acquisition of Scorpio Group in May 2014. Scorpio Group's trade and other payables amounts to S\$4.508 million as at 31 July 2014; and
3. Increase in finance lease liabilities of S\$1.179 million mainly due to the reverse acquisition of Scorpio Group in May 2014. Scorpio Group's finance lease liabilities amounts to S\$1.190 million as at 31 July 2014.

The increase is offset by:

1. Decrease in sales proceeds received in advance amounting to S\$0.806 million mainly due to the sales of properties of Montigo Resorts, Nongsa upon handover of the units to the owners.

The net cash outflow of operating activities arose mainly due to operating losses incurred by the Group and a loan of S\$17.610 million extended to an associated company, Epic Land Pte Ltd, for the purposes of deposit payment in relation to the acquisition of Prudential Tower.

The net cash outflow of investing activities of S\$0.132 million arose mainly due to the reverse acquisition of Scorpio Group in May 2014, with a net cash acquired of S\$0.485 million. This is offset by the acquisition of property, plant and equipment amounting to S\$0.353 million.

The net cash inflow of financing activities of S\$20.343 million arose mainly due to a share placement with net proceeds of S\$21.460 million, offset by net repayment of bank loans and finance lease liabilities.

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

No forecast or prospect statement have been previously disclosed.

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.

The Group is pleased to announce that on the 6th of May 2014, the Group has completed the acquisition of KOP Properties Pte. Ltd. With the acquisition, the Group will now have businesses encompassing both the property and the entertainment industries.

Having properties in places such as Singapore, Indonesia, and the United Kingdom, the Group will continue to grow its property business through new development projects, property acquisitions as well as expansion into other markets. The Group further intends to expand its presence in favourable markets while seeking to grow opportunistically in new geographies. As part of the Group's strategic restructuring efforts, the Group will expand its entertainment business by venturing into the development of real estate projects which include a lifestyle component, such as entertainment and MICE facilities.

As disclosed in the Circular, the Group has entered into framework agreement with Shanghai West Hongqiao Business Development Co., Ltd to develop an integrated indoor winter resort in Shanghai ("Winterland Project"). Subsequently and as announced on 20 August 2014, the Group has further signed a Collaboration

Agreement with Shanghai West Hongqiao Business Development Co., Ltd, to collaborate with the Group to procure the land use rights for the six plots of land and to comply with all the rules and regulations in order to execute the Winterland Project. This represents the Group's efforts in venturing into real estate projects with a lifestyle component, such as entertainment and Mice facilities.

In addition, the Group, through its associated company, has also recently entered into Sale and Purchase Agreements for the proposed acquisition of the 92.8% interest of the aggregate strata area of Prudential Tower. The Proposed Property Acquisition will provide the Group with the opportunity to acquire a strategically located quality asset and expand its footprint in the commercial properties market in Singapore. The Group views the Proposed Property Acquisition as a good opportunity to participate in a strategic investment of a Grade A office building located at the Raffles Place precinct, where the Group can derive both rental returns and gain from subsequent sale of the Prudential Tower Property on strata lots basis, which will be added to the earnings of the Group.

The Group is also pleased to announce that approval for the first 30 years lease (starting from the Licence Commencement Date of 25 December 2007), and an extension of the lease for a further 29 years from 25 December 2037, has been granted to the Group for 25 Tai Seng Avenue, Scorpio East Building. The property will act as the Group's base for its future expansion plans, especially in new entertainment industries that the Group plans to explore going forward.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have general mandate for recurring interested party transactions. The IPTs entered into by the Group during the financial period ended 31 July 2014 are as follows:

Name of Interested Party	Aggregate value of all interested party transactions during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested party transactions conducted under shareholders' mandate pursuant to Rule 920
	S\$'000	S\$'000
Hayden Properties Pte Ltd Asset management fee income	166	-

14. Negative assurance

The Board of Directors of the Company hereby confirms to the best of its 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 3 months financial period ended 31 July 2014 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman
12 September 2014

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

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