

KOP LIMITED

(Company Registration Number: 200415164G)

(Incorporated in the Republic of Singapore)

(the "Company", and together with its subsidiaries, the "Group")

SECOND QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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.

	Group					
	2QFY2019 3 months ended 30-Sep-18 (Unaudited) S\$'000	2QFY2018 3 months ended 30-Sep-17 (Unaudited) S\$'000	% change + / (-)	6MFY2019 6 months ended 30-Sep-18 (Unaudited) S\$'000	6MFY2018 6 months ended 30-Sep-17 (Unaudited) S\$'000	% change + / (-)
Revenue	4,302	5,293	(19)	9,201	8,624	7
Cost of sales	(2,144)	(3,147)	(32)	(3,828)	(4,935)	(22)
Gross profit	2,158	2,146	1	5,373	3,689	46
Other operating income	326	367	(11)	1,290	1,656	(22)
	2,484	2,513	(1)	6,663	5,345	25
Distribution costs	(90)	(172)	(48)	(184)	(279)	(34)
Administrative and general expenses	(3,710)	(4,692)	(21)	(7,971)	(8,983)	(11)
Share of results from investments in associates	1,454	(117)	N.M	1,178	(428)	N.M
Share of result from investment in a joint venture	6	(9)	N.M	15	(9)	N.M
Finance costs	(856)	(212)	304	(1,784)	(428)	317
Loss before tax	(712)	(2,689)	(74)	(2,083)	(4,782)	(56)
Income tax credit/ (expense)	4	(258)	(102)	4	(258)	(102)
Loss after tax	(708)	(2,947)	(76)	(2,079)	(5,040)	(59)
Other comprehensive income for the period, after tax:						
<i>Item that may be subsequently reclassified to profit or loss:</i>						
Exchange difference on translation of foreign operation	(247)	137	N.M	(71)	317	N.M
Total comprehensive income for the period	(955)	(2,810)	(66)	(2,150)	(4,723)	(54)
Loss attributable to:						
Owners of the Company	(644)	(2,907)	(78)	(1,959)	(4,907)	(60)
Non-controlling interests	(64)	(40)	60	(120)	(133)	(10)
	(708)	(2,947)	(76)	(2,079)	(5,040)	(59)
Total comprehensive income attributable to:						
Owners of the Company	(873)	(2,814)	(69)	(1,923)	(4,691)	(59)
Non-controlling interests	(82)	4	N.M	(227)	(32)	609
	(955)	(2,810)	(66)	(2,150)	(4,723)	(54)

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

	Group					
	2QFY2019 3 months ended 30-Sep-18 (Unaudited) S\$'000	2QFY2018 3 months ended 30-Sep-17 (Unaudited) S\$'000	% change + / (-)	6MFY2019 6 months ended 30-Sep-18 (Unaudited) S\$'000	6MFY2018 6 months ended 30-Sep-17 (Unaudited) S\$'000	% change + / (-)
Depreciation of property, plant and equipment (Note a)	1,306	738	77	2,020	1,504	34
Amortisation of intangible assets	-	-	N.M	-	7	N.M
Interest income (Note b)	(25)	(272)	(91)	(89)	(565)	(84)
Net foreign exchange (gain)/ loss (Note c)	(208)	350	(159)	(1,055)	823	(228)
Interest expense (Note d)	856	212	304	1,784	428	317
Gain on disposal of property, plant and equipment (Note e)	(5)	(295)	(98)	(5)	(391)	(99)
Allowance for doubtful receivables	-	-	N.M	-	3	N.M
Bad debts recovered	-	-	N.M	-	(635)	N.M
<i>N.M. - not meaningful</i>						

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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.

Notes:

- a. 2QFY2019 vs 2QFY2018
Increase in depreciation was mainly due to depreciation charged for additional assets acquired during the period.
- b. 2QFY2019 vs 2QFY2018
Decrease in interest income was mainly due to the repayment of shareholders' loan from associate, Epic Land Pte Ltd and the partial redemption of notes receivable during the period.
- c. 2QFY2019 vs 2QFY2018
Net foreign exchange gain mainly due to the translation of foreign currencies balances. During the period, USD depreciated against SGD.
- d. 2QFY2019 vs 2QFY2018
Increase in interest expense mainly due to the loan from shareholder.
- e. 2QFY2019 vs 2QFY2018
This mainly represents the disposal of property, plant and equipment from the Hospitality segment in 1QFY2018.

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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	
	30-Sep-18 (Unaudited) S\$'000	31-Mar-18 (Audited) S\$'000	30-Sep-18 (Unaudited) S\$'000	31-Mar-18 (Audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	44,030	41,671	1	3
Investments in subsidiaries	-	-	144,900	144,900
Investments in associates	1,597	8,669	-	-
Investment in a joint venture	108,356	59,392	-	-
Deferred tax assets	17	99	-	-
Notes receivable	1,825	1,789	-	-
Total non-current assets	155,825	111,620	144,901	144,903
Current assets				
Development properties	25,538	24,306	-	-
Inventories	550	527	-	-
Trade and other receivables	13,831	11,458	77,219	78,489
Other current assets	14,036	932	11	47
Notes receivable	-	8,000	-	-
Cash and bank balances	8,884	9,613	63	440
Total current assets	62,839	54,836	77,293	78,976
Total assets	218,664	166,456	222,194	223,879
Current liabilities				
Bank borrowings (secured)	1,486	1,131	-	-
Finance leases	31	30	-	-
Sales proceeds received in advance	1,470	986	-	-
Tax payables	249	523	4	4
Trade and other payables	14,811	13,835	853	830
Loan from a shareholder	-	37,000	-	37,000
Total current liabilities	18,047	53,505	857	37,834
Non-current liabilities				
Deferred tax liabilities	2,664	2,716	-	-
Bank borrowings (secured)	9,737	10,125	-	-
Finance leases	162	177	-	-
Loan from a shareholder	37,000	-	37,000	-
Total non-current liabilities	49,563	13,018	37,000	-
Total liabilities	67,610	66,523	37,857	37,834
Equity attributable to owners of the Company				
Share capital	78,940	78,940	294,506	294,506
Foreign currency translation reserves	1,891	1,855	-	-
Other reserves	1,520	1,520	-	-
Retained earnings/ (Accumulated losses)	64,879	18,161	(110,169)	(108,461)
	147,230	100,476	184,337	186,045
Non-controlling interests	3,824	(543)	-	-
Total equity	151,054	99,933	184,337	186,045
Total liabilities and equity	218,664	166,456	222,194	223,879

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

	Group			
	30-Sep-18		31-Mar-18	
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	1,517	-	38,161	-
Amount repayable after one year	46,899	-	10,302	-
	48,416	-	48,463	-

Details of any collaterals:

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

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

	Group	
	6MFY2019	6MFY2018
	30-Sep-18	30-Sep-17
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Operating activities		
Loss before tax	(2,083)	(4,782)
Adjustments for:		
Depreciation of property, plant and equipment	2,020	1,504
Gain on disposal of property, plant and equipment	(5)	(391)
Amortisation of intangible assets	-	7
Unrealised foreign exchange differences	(1,369)	1,394
Interest income	(89)	(565)
Finance costs	1,784	428
Allowance for doubtful receivables	-	3
Share of results from investments in associates	(1,178)	428
Share of results from investment in a joint venture	(15)	9
Operating cash flows before changes in working	(935)	(1,965)
Trade and other receivables	(242)	26,224
Other current assets	(13,104)	197
Development properties	(1,232)	124
Inventories	(23)	(15)
Trade and other payables	(138)	(4,964)
Sales proceeds received in advance	484	(2,259)
Cash (used in)/ generated from operations	(15,190)	17,342
Interest paid	(1,132)	(962)
Interest received	-	14
Tax paid	(285)	(23)
Net cash flows (used in)/ generated from operating activities	(16,607)	16,371

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

	Group	
	6MFY2019 30-Sep-18 (Unaudited) S\$'000	6MFY2018 30-Sep-17 (Unaudited) S\$'000
Investing activities		
Purchase of property, plant and equipment	(3,003)	(1,328)
Proceeds from disposal of property, plant and equipment	5	38
Net cash outflow on investment in joint venture	-	(10,745)
Capital contribution from non-controlling interests	400	40
Partial redemption of notes receivable	8,000	-
Net cash flows generated from/ (used in) investing activities	5,402	(11,995)
Financing activities		
Proceeds from borrowings	-	23,000
Repayment of bank borrowings	(508)	(14,088)
Increase in restricted funds placed in escrow accounts	48	(633)
Increase in restricted funds placed in fixed deposit account	-	(500)
Drawdown of finance leases	(14)	233
Repayment of loan from an associate	6,174	-
Repayment of finance leases	-	(21)
Loan from / (repayment to) non-controlling interests	4,808	(3,513)
Net cash flows generated from financing activities	10,508	4,478
Net (decrease)/ increase in cash and cash equivalents	(697)	8,854
Cash and cash equivalents at the beginning of financial period	8,852	(6,800)
Effect of foreign currency translation in cash and cash equivalents	16	(23)
Cash and cash equivalents at the end of financial period	8,171	2,031

Explanatory Notes:

Cash and cash equivalents in the cash flow statement comprise the following:-

	30-Sep-18 (Unaudited) S\$'000	30-Sep-17 (Unaudited) S\$'000
Cash and bank balances	8,884	3,450
Less: Restricted funds placed in escrow accounts	(713)	(919)
Less: Restricted funds placed in fixed deposit account	-	(500)
Cash and cash equivalents	8,171	2,031

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

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.

Unaudited Statement of Changes in Equity for the period ended 30 September 2018

The Group	Share capital S\$'000	Foreign currency translation reserves S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 April 2018	78,940	1,855	1,520	18,161	100,476	(543)	99,933
<u>Total comprehensive income for the period</u>							
Loss for the period	-	-	-	(1,959)	(1,959)	(120)	(2,079)
Other comprehensive income for the period	-	36	-	-	36	(107)	(71)
Total	-	36	-	(1,959)	(1,923)	(227)	(2,150)
Revaluation gain on investment property of investment in a joint venture	-	-	-	48,677	48,677	-	48,677
Contribution for non-controlling interests	-	-	-	-	-	4,594	4,594
As as 30 September 2018	78,940	1,891	1,520	64,879	147,230	3,824	151,054
As at 1 April 2017	67,861	414	1,520	25,944	95,739	(494)	95,245
<u>Total comprehensive income for the period</u>							
Loss for the period	-	-	-	(4,907)	(4,907)	(133)	(5,040)
Other comprehensive income for the period	-	216	-	-	216	101	317
Total	-	216	-	(4,907)	(4,691)	(32)	(4,723)
Contribution for non-controlling interests	-	-	-	-	-	40	40
As at 30 September 2017	67,861	630	1,520	21,037	91,048	(486)	90,562

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

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.

Unaudited Statement of Changes in Equity for the period ended 30 September 2018

	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
The Company			
As at 1 April 2018	294,506	(108,461)	186,045
Loss for the period, representing total comprehensive income for the period	-	(1,708)	(1,708)
As at 30 September 2018	<u>294,506</u>	<u>(110,169)</u>	<u>184,337</u>
As at 1 April 2017	283,427	(113,186)	170,241
Profit for the period, representing total comprehensive income for the period	-	419	419
As at 30 September 2017	<u>283,427</u>	<u>(112,767)</u>	<u>170,660</u>

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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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Details of any changes in the Company's issued share capital

Issued and Paid-Up Capital	No. of Shares	Share Capital S\$'000
As at 31 March 2018 (Audited) and 30 September 2018 (unaudited)	1,107,962,214	294,506

The Company does not have treasury shares or any outstanding convertibles or subsidiary holdings as at 30 September 2018 and 31 March 2018.

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.

	30-Sep-18 (Unaudited)	31-Mar-18 (Audited)
Total number of issued shares (excluding treasury shares)	1,107,962,214	1,107,962,214

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

There is no sale, transfer, cancellation and/or use of treasury shares as at 30 September 2018.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There is no sale, transfer, cancellation and/or use of subsidiary holding as at 30 September 2018.

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 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 preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 March 2018.

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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.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 March 2018 except for the adoption of the SFRS(I) applicable for the financial period beginning 1 January 2018 as follows:

- SFRS(I)(1) First - Time Adoption of Singapore Financial Reporting Standards (International)
- SFRS(I)(9) Financial Instruments
- SFRS(I)(15) Revenue from Contracts with Customers

a) Application of SFRS(I)(1)

The adoption of SFRS(I)(1) does not have significant impact on the Group's financial statements.

b) Application of SFRS(I)(9)

SFRS(I)(9) introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I)(9) on the Group's financial statements.

SFRS(I)(9) requires the Group to record expected credit losses on all its loan and trade receivables. The Group adopts the simplified approach and does not have a significant impact on the Group's financial statements.

c) Application of SFRS(I)(15)

SFRS(I)(15) establishes a new comprehensive framework for determining whether, how much and when revenue is recognised. Under this standard, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The adoption of SFRS(I)(15) does not have a material impact on the Group's financial statements.

As stated in Note 8b, the Group's joint venture reclassified its property to investment property and recorded it at fair value.

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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.

	6 months ended 30-Sep-18 (Unaudited)	6 months ended 30-Sep-17 (Unaudited)
Net loss attributable to Owners of the Company (S\$'000)	(1,959)	(4,907)
Weighted average number of ordinary shares	1,107,962,214	886,369,771
Loss per share ("LPS") (in SGD cents per share)		
(a) based on weighted average number of ordinary shares	(0.18)	(0.55)
(b) on a fully diluted basis	(0.18)	(0.55)

Note:

(1) Fully diluted EPS is the same as basic as there are no dilutive potential ordinary shares.

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-Sep-18 (Unaudited)	31-Mar-18 (Audited)	30-Sep-18 (Unaudited)	31-Mar-18 (Audited)
Net asset value ("NAV") (S\$'000)	151,054	99,933	184,337	186,045
Number of shares	1,107,962,214	1,107,962,214	1,107,962,214	1,107,962,214
NAV per ordinary share based on issued share capital as at end of the period reported on (in SGD cents per share)	13.63	9.02	16.64	16.79

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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 cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) INCOME STATEMENTS

Revenue	2QFY2019 S\$'000	2QFY2018 S\$'000	Change S\$'000	%
Real estate development and investment	-	1,643	(1,643)	(100.0)
Real estate origination and management services	50	50	-	-
Hospitality	4,252	3,464	788	22.7
Entertainment	-	136	(136)	(100.0)
	<u>4,302</u>	<u>5,293</u>	<u>(991)</u>	<u>(18.7)</u>

	6MFY2019 S\$'000	6MFY2018 S\$'000	Change S\$'000	%
Real estate development and investment	-	1,643	(1,643)	(100.0)
Real estate origination and management services	1,500	100	1,400	1,400.0
Hospitality	7,701	6,616	1,085	16.4
Entertainment	-	265	(265)	(100)
	<u>9,201</u>	<u>8,624</u>	<u>577</u>	<u>6.7</u>

2QFY2019 vs 2QFY2018

Revenue for the financial period from 1 July 2018 to 30 September 2018 ("2QFY2019") decreased by approximately S\$1.0 million or 18.7% as compared to the period from 1 July 2017 to 30 September 2017 ("2QFY2018"). The decrease was mainly due to a decline in revenue from the real estate development and investment segment. The lower revenue from the real estate development and investment segment was due to the absence of handover of properties at Montigo Resorts, Nongsa during the period.

6MFY2019 vs 6MFY2018

Revenue for the financial period from 1 April 2018 to 30 September 2018 ("6MFY2019") increased by S\$0.6 million or 7.0% as compared to the period from 1 April 2017 to 30 September 2017 ("6MFY2018"). The increase was mainly due to higher revenue from the real estate origination and management services and the hospitality segments. The increase was partially offset by lower revenue from the real estate development and investment segments. The increase in revenue from the real estate origination and management services segment was mainly due to management fee income received from an associate. The increase in revenue from the hospitality segment was mainly due to improved performance achieved by both Montigo Resorts, Nongsa and Montigo Resorts, Seminyak.

Gross profit/ Gross profit margin

6MFY2019 vs 6MFY2018

Gross profit increased S\$1.7 million or 46.0% from S\$3.7 million in 6MFY2018 to S\$5.4 million in 6MFY2019 mainly due to management fee income received from an associate and improved performance achieved by Montigo Resorts, Nongsa and Montigo Resorts, Seminyak.

KOP LIMITED

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SECOND QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

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 cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) INCOME STATEMENTS (CONT'D)

Other operating income

2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018

The decrease in other operating income is mainly due to the decrease in the interest from notes receivables, which was partially redeemed during the period.

Distribution costs

2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018

Distribution costs decreased S\$82,000 or 48.0% from S\$172,000 in 2QFY2018 to S\$90,000 in 2QFY2019 and decreased by S\$95,000 or 34.0% from S\$279,000 in 6MFY2018 to S\$184,000 in 6MFY2019 mainly due to the decrease in marketing expenses and agency commission incurred during the period.

Administrative expenses

2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018

Administrative expenses decreased S\$1.0 million or 21.0% from S\$4.7 million in 2QFY2018 to S\$3.7 million in 2QFY2019 and decreased by S\$1.0 million or 11.0% from S\$9.0 million in 6MFY2018 to S\$8.0 million in 6MFY2019 mainly due to foreign exchange loss incurred last year.

Share of results from investments in associates

This represents the Group's share of results from investments in associate, Epic Land Pte. Ltd., during the period resulted from the sales of remaining units in Prudential Tower.

Share of results from investment in a joint venture

This represents the Group's share of results from investments in joint venture company, Shanghai Snow Star Properties Co., Ltd. during the period.

Finance Costs

2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018

Finance costs increased by S\$0.7 million or 304.0% from S\$0.2 million in 2QFY2018 to S\$0.9 million in 2QFY2019 and increased by S\$1.4 million or 317.0% from S\$0.4 million in 6MFY2018 to S\$1.8 million in 6MFY2019 mainly due to interest incurred on a loan from a shareholder.

Loss after tax

2QFY2019 vs 2QFY2018 & 6MFY2019 vs 6MFY2018

As a result of the above, the Group recorded a loss after tax of S\$0.7 million in 2QFY2019 and a loss after tax of S\$2.1 million in 6MFY2019 compared to a loss after tax of S\$2.9 million in 2QFY2018 and a loss after tax of S\$5.0 million in 6MFY2018.

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**(b) STATEMENT OF FINANCIAL POSITION**

Investment in associates decreased S\$7.1 million from S\$8.7 million as at 31 March 2018 to S\$1.6 million as at 30 September 2018 mainly due to the declaration of dividends by the associates during the period.

Investment in a joint venture represents an investment of 30% interest in Shanghai Snow Star Properties Co., Ltd. The increase in investment in a joint venture as compared to the last financial period was due to the revaluation of its investment property resulting from a reclassification to investment property during the period. The valuation was performed by an independent valuer with a recognised and relevant professional qualification, with recent experience in the location and category of the property being valued.

Trade and other receivables increased S\$2.3 million mainly due to dividend receivables from an associate, which was received subsequently in October 2018, offset by the repayment of loan from an associate.

Other current assets increased S\$13.1 million from S\$0.9 million to S\$14.0 million mainly due to the stamp duty and deposit paid for the acquisition of land located at Dalvey Road.

Notes receivable decreased S\$8.0 million from S\$9.8 million to S\$1.8 million mainly due to a partial early redemption during the period.

Increase in sales proceeds received in advance of S\$0.5 million was mainly due to sales proceeds received in advance for an uncompleted unit during the period.

Decrease in tax payables of S\$274,000 was mainly due to payments made during the period.

Loan from a shareholder was reclassified to non-current liabilities as the loan was extended for another 12 months and will be due for repayment in November 2019.

(c) STATEMENT OF CASH FLOWS

The net cash outflow from operating activities for the period ended 30 September 2018 arose mainly due to the stamp duty and deposit paid for the acquisition of land located at Dalvey Road.

The net cash inflow from investing activities for the period ended 30 September 2018 arose mainly from the partial redemption of notes receivable and capital contribution from non-controlling interests, offset by the purchase of property, plant and equipment.

The net cash inflow from financing activities for the period ended 30 September 2018 arose mainly due to repayment of loan from an associate, Epic land Pte. Ltd., and the loan from non-controlling interests for the acquisition of land located at Dalvey Road.

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SECOND QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results.**

No forecast or prospect statement has 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 has business operations in Singapore, China and Indonesia. In view of macro volatilities and the challenging operating environment, the Group will focus on the growth of existing businesses and execution of current projects, and will expand prudently under opportunistic and strategic circumstances. In addition, management will remain prudent in cost management and continue to focus on improving operational efficiency to optimise the utilisation of the Group's resources.

In the meantime, the Group's hospitality segment continues to record positive growth in occupancy and performance, leveraging on its strong brand name and niche as a choice multigenerational resort brand. It is expected to continue contributing healthy recurring income to the Group.

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) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

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13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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 a general mandate for recurring interested person transactions.

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 shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) S\$'000
<u>Royce Properties Pte. Ltd.</u> Interest income	2	-
<u>Scotts Spazio Pte. Ltd.</u> Management fee income	50	-
<u>Mr. Sam Goi Seng Hui</u> Interest expense	(653)	-

14. Confirmation by the Board pursuant to Rule 705(5)

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the second quarter financial results of the Company and of the Group for the period ended 30 September 2018 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1)

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7H.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
13 November 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (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 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.

The contact person for the Sponsor is Mr. Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd. 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, Telephone (65) 6381 6757.