

KOP LIMITED

(Company Registration Number: 200415164G)
(Incorporated in the Republic of Singapore)
(the “Company”, and together with its subsidiaries, the “Group”)

SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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 period.

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 obtained shareholders' approvals on the resolution relating to the Proposed Acquisition.

On 6 May 2014, the Company completed the acquisition (“Acquisition”) with the issuance of 714,285,714 new ordinary shares to the shareholders on an unconditional basis at the closing price of S\$0.341 per share. The Company acquired the entire share capital of KOP Properties Pte. Ltd. (“KOPP”), satisfied by the allotment and issuance of new ordinary shares in the capital of the Company to the shareholders of KOPP.

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

- (i) Scorpio East Holdings Ltd. (now known as KOP Limited) and its operating subsidiaries (hereinafter refer to as the “Scorpio Group”); and
- (ii) KOP Properties Pte. Ltd. and its subsidiaries (hereinafter refer to as the “KOPP Group”),

(collectively, the “Enlarged Group”).

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

At Group Level

The Acquisition has been accounted for as a RTO in accordance to FRS 103 Business Combinations, where the legal subsidiary, KOPP, is regarded as the acquirer and the Company as the acquiree for accounting purposes. Accordingly, the Enlarged Group's consolidated financial statements have been prepared and presented as a continuation of KOPP Group's consolidated financial statements.

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 subsidiary, KOPP, is accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

Notes:

(a) The Company has changed its financial year end from 30 April to 31 March (please refer to the announcement reference no. SG150121OTHRZ2WU dated 21 January 2015) to match the financial year end of KOPP Group.

(b) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended 30 September 2015 refer to the Enlarged Group which consists of the results of the KOPP Group and Scorpio Group for the period from 1 April 2015 to 30 September 2015.

(c) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ended 30 September 2014 refer to the Enlarged Group which consists of the results of the KOPP Group for the period from 1 April 2014 to 30 September 2014 and results of the Scorpio Group for the period from 6 May 2014 to 30 September 2014.

(d) The Group's consolidated statement of financial position as at 30 September 2015 and 31 March 2015 refers to the Enlarged Group which consists of the assets and liabilities of the KOPP Group and the Scorpio Group as at 30 September 2015 and 31 March 2015.

(e) The Company's statement of financial position as at 30 September 2015 and 31 March 2015 and the statement of changes in equity for the six months ended 30 September 2015 and for the period from 6 May 2014 to 30 September 2014 refer to that of KOP Limited.

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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 period.

	Group					
	2QFY2016 3 months ended 30-Sep-15 (Unaudited) S\$'000	2QFY2015 3 months ended 30-Sep-14 (Unaudited) S\$'000	% change + / (-)	6MFY2016 6 months ended 30-Sep-15 (Unaudited) S\$'000	6MFY2015 6 months ended 30-Sep-14 (Unaudited) S\$'000	% change + / (-)
Revenue	3,651	3,965	(8)	9,327	10,023	(7)
Cost of sales	(1,701)	(1,767)	(4)	(4,745)	(5,045)	(6)
Gross profit	1,950	2,198	(11)	4,582	4,978	(8)
Other operating income	1,809	210	n.m.	3,897	370	n.m.
Distribution costs	(415)	(338)	23	(749)	(714)	5
Administrative expenses	(2,738)	(4,784)	(43)	(6,618)	(9,301)	(29)
Share of results from interest in associate	-	(782)	n.m.	-	(1,402)	n.m.
Share of results from investments in associated companies	164	-	n.m.	2,291	(72)	n.m.
Finance costs	(281)	(353)	(20)	(570)	(552)	3
Profit/ (Loss) before tax	489	(3,849)	n.m.	2,833	(6,693)	n.m.
Income tax (expense)/ credit	(267)	190	n.m.	(862)	(144)	n.m.
Profit/ (Loss) after tax	222	(3,659)	n.m.	1,971	(6,837)	n.m.
Other comprehensive income/ (loss) for the period, after tax:						
<i>Item that may be subsequently reclassified to profit or loss:</i>						
Exchange difference on translation of foreign operations	170	76	n.m.	(191)	(7)	n.m.
Total comprehensive income/ (loss) for the period	392	(3,583)	n.m.	1,780	(6,844)	n.m.
Profit/ (Loss) attributable to:						
Owners of the Company	85	(3,178)	n.m.	1,913	(6,136)	n.m.
Non-controlling interests	137	(481)	n.m.	58	(701)	n.m.
	222	(3,659)	n.m.	1,971	(6,837)	n.m.
Total comprehensive income/ (loss) attributable to:						
Owners of the Company	426	(3,082)	n.m.	1,879	(6,099)	n.m.
Non-controlling interests	(34)	(501)	n.m.	(99)	(745)	n.m.
	392	(3,583)	n.m.	1,780	(6,844)	n.m.

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

Depreciation of property, plant and equipment (Note a)	495	435	14	998	1,380	(28)
Amortisation of intangible assets (Note b)	-	40	n.m.	19	54	(65)
Interest income (Note c)	(1,034)	(178)	n.m.	(2,053)	(197)	n.m.
Net foreign exchange (gains)/ losses (Note d)	(648)	124	n.m.	(1,618)	123	n.m.
Interest expense (Note e)	281	353	(20)	570	552	3
Allowance for doubtful receivables written back	(427)	-	n.m.	(427)	-	n.m.
Impairment of intangible assets	75	-	n.m.	75	-	n.m.

n.m. - not meaningful

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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 period.

Notes:

a. 2QFY2016 vs 2QFY2015

Increase in depreciation of property, plant and equipment was mainly due to additional depreciation charged for the newly acquired plant and equipment in 2QFY2016.

6MFY2016 vs 6MFY2015

Decrease in depreciation of property, plant and equipment was mainly due to reclassification of property, Scorpio East Building (now known as KOP Building) at 25 Tai Seng Avenue, Singapore 534104, as non-current asset held for sale in financial year ended 31 March 2015 ("FY2015"). Subsequent to the reclassification, there was no depreciation charge for the building during 6MFY2016.

b. 2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

Amortisation of intangible assets relates to the amortisation of free TV/ paid TV/ video rights.

c. 2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

Increase in interest income was mainly due to shareholder's loan interest charged to associated company, Epic Land Pte. Ltd. and interest income generated from the long-term notes receivable.

d. 2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

Net foreign exchange gains mainly related to the translation of Singapore Dollars' borrowings to Great British Pound by the subsidiary, Cranley Hotel Limited during the period.

e. 2QFY2016 vs 2QFY2015

Decrease in interest expense was mainly due to the interest for revolving credit facility which was drawn down in 2QFY2015 and repaid in 3QFY2015.

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

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-15 (Unaudited) S\$'000	31-Mar-15 (Audited) S\$'000	30-Sep-15 (Unaudited) S\$'000	31-Mar-15 (Audited) S\$'000
ASSETS				
Current assets				
Cash and bank balances	5,762	5,309	56	276
Trade and other receivables	34,757	34,337	25,203	21,860
Other current assets	1,172	969	115	65
Development properties	59,392	55,457	-	-
Inventories	407	467	-	-
Prepaid film rights	279	134	-	-
	<u>101,769</u>	<u>96,673</u>	<u>25,374</u>	<u>22,201</u>
Non-current asset held for sale	26,414	26,414	-	-
Total current assets	128,183	123,087	25,374	22,201
Non-current assets				
Intangible assets	250	344	-	-
Investments in subsidiaries	-	-	152,715	152,715
Investments in associated companies	3,491	1,200	-	-
Long-term notes receivable	42,321	40,725	-	-
Property, plant and equipment	41,612	40,053	-	-
Deferred tax assets	1,031	1,534	-	-
Total non-current assets	88,705	83,856	152,715	152,715
Total assets	216,888	206,943	178,089	174,916
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	51,118	42,540	4,946	2,443
Bank overdrafts and borrowings (secured)	16,999	12,026	-	-
Finance leases	52	796	-	-
Income tax payables	2,264	2,295	4	4
	<u>70,433</u>	<u>57,657</u>	<u>4,950</u>	<u>2,447</u>
Liabilities directly associated with asset classified as held for sale	11,819	12,384	-	-
Total current liabilities	82,252	70,041	4,950	2,447
Non-current liabilities				
Bank borrowings (secured)	29,691	32,022	-	-
Finance leases	200	226	-	-
Sales proceeds received in advance	9,271	11,231	-	-
Deferred tax liabilities	329	58	-	-
Total non-current liabilities	39,491	43,537	-	-
Capital, reserves and non-controlling interests				
Share capital	67,861	67,861	283,427	283,427
Foreign currency translation reserves	680	714	-	-
Other reserve	1,258	1,258	-	-
Retained earnings/ (Accumulated losses)	26,579	24,666	(110,288)	(110,958)
Equity attributable to owners of the Company	96,378	94,499	173,139	172,469
Non-controlling interests	(1,233)	(1,134)	-	-
Total equity	95,145	93,365	173,139	172,469
Total liabilities and equity	216,888	206,943	178,089	174,916

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

	Group			
	30-Sep-15		31-Mar-15	
	(Unaudited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000	(Audited) S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	17,051	-	12,822	-
Amount repayable after one year	29,891	-	32,248	-
	46,942	-	45,070	-

Details of any collaterals:

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

	Group			
	2QFY2016	2QFY2015	6MFY2016	6MFY2015
	3 months ended	3 months ended	6 months ended	6 months ended
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000	(Unaudited) S\$'000
Operating activities				
Profit/ (Loss) before tax	489	(3,849)	2,833	(6,693)
Adjustments for:				
Depreciation of property, plant and equipment	495	435	998	1,380
Amortisation of intangible assets	-	40	19	54
Effect of foreign currency translation	200	807	(1,209)	281
Impairment of intangible assets	75	-	75	-
Interest income	(1,034)	(178)	(2,053)	(197)
Finance costs	281	353	570	552
Allowance for doubtful receivables written back	(427)	-	(427)	-
Share of results from interest in associate	-	782	-	1,402
Share of results from investments in associated companies	(164)	-	(2,291)	72
Operating cash flows before movements in working capital	(85)	(1,610)	(1,485)	(3,149)
Trade and other receivables	402	14,636	912	(1,079)
Other current assets	(161)	2,653	(203)	(1,185)
Development properties	(2,610)	(1,331)	(3,023)	(487)
Inventories	52	(43)	60	(97)
Prepaid film rights	-	(141)	(145)	132
Trade and other payables	2,494	1,406	8,578	(210)
Sales proceeds received in advance	257	785	(1,960)	(669)
Cash generated from/ (used in) operations	349	16,355	2,734	(6,744)
Interest paid	(846)	(353)	(1,482)	(552)
Interest received	(5)	-	-	19
Income tax paid	(202)	(374)	(119)	(577)
Net cash flows (used in)/ generated from operating activities	(704)	15,628	1,133	(7,854)

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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			
	2QFY2016 3 months ended 30-Sep-15 (Unaudited) S\$'000	2QFY2015 3 months ended 30-Sep-14 (Unaudited) S\$'000	6MFY2016 6 months ended 30-Sep-15 (Unaudited) S\$'000	6MFY2015 6 months ended 30-Sep-14 (Unaudited) S\$'000
Investing activities				
Purchase of property, plant and equipment	(616)	(210)	(808)	(482)
Completion of RTO, net of cash acquired	-	-	-	485
Realisation of interest in associate	-	-	-	3,993
Loan to an associated company	(225)	(29,645)	(448)	(29,645)
Net cash flows used in investing activities	(841)	(29,855)	(1,256)	(25,649)
Financing activities				
Proceeds from issuance of ordinary shares	-	-	-	21,460
Proceeds from borrowings	-	17,163	-	18,493
Repayments of borrowings	(1,902)	(1,558)	(4,188)	(3,112)
Increase in restricted funds placed in escrow accounts	(126)	147	(413)	147
Repayments of finance leases	(12)	(177)	(770)	(298)
Net cash (used in)/ generated from financing activities	(2,040)	15,575	(5,371)	36,690
Net (decrease)/ increase in cash and cash equivalents	(3,585)	1,348	(5,494)	3,187
Cash and cash equivalents at the beginning of financial period	1,960	4,831	3,912	2,990
Effect of foreign currency translation in cash and cash equivalents	25	(17)	(18)	(15)
Cash and cash equivalents at the end of financial period	(1,600)	6,162	(1,600)	6,162

Explanatory Notes:

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

	30-Sep-15 (Unaudited)	30-Sep-14 (Unaudited)	31-Mar-15 (Audited)	31-Mar-14 (Audited)
Cash and bank balances	5,762	7,730	5,309	4,705
Less: Bank overdrafts	(5,737)	-	(185)	-
Less: Restricted funds placed in escrow accounts	(1,625)	(1,568)	(1,212)	(1,715)
(Overdrawn)/ Cash and cash equivalents	(1,600)	6,162	3,912	2,990

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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 period.

Unaudited Statement of Changes in Equity for the period ended 30 September 2015

The Group	Share capital S\$'000	Foreign currency translation reserves S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 April 2015	67,861	714	1,258	24,666	94,499	(1,134)	93,365
<u>Total comprehensive income/ (loss) for the period</u>							
Profit for the period	-	-	-	1,913	1,913	58	1,971
Other comprehensive loss for the period	-	(34)	-	-	(34)	(157)	(191)
Total	-	(34)	-	1,913	1,879	(99)	1,780
Balance at 30 September 2015	67,861	680	1,258	26,579	96,378	(1,233)	95,145
Balance at 1 April 2014	15,000	(7)	1,258	12,059	28,310	1,104	29,414
<u>Total comprehensive loss for the period</u>							
Loss for the period	-	-	-	(6,136)	(6,136)	(701)	(6,837)
Other comprehensive income/ (loss) for the period	-	37	-	-	37	(44)	(7)
Total	-	37	-	(6,136)	(6,099)	(745)	(6,844)
<u>Transactions with owners, recognised directly in equity</u>							
Issuance of consideration shares	31,401	-	-	-	31,401	(287)	31,114
Issuance of shares for cash	21,460	-	-	-	21,460	-	21,460
Total	52,861	-	-	-	52,861	(287)	52,574
Balance at 30 September 2014	67,861	30	1,258	5,923	75,072	72	75,144

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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 period.

Unaudited Statement of Changes in Equity for the period ended 30 September 2015

The Company	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 April 2015	283,427	(110,958)	172,469
Profit for the period, representing total comprehensive income for the period	-	670	670
Balance at 30 September 2015	<u>283,427</u>	<u>(110,288)</u>	<u>173,139</u>
Balance at 1 May 2014	18,396	(14,814)	3,582
Loss for the period, representing total comprehensive loss for the period	-	(806)	(806)
<u>Transactions with owners, recognised directly in equity</u>			
Issuance of consideration shares	243,571	-	243,571
Issuance of shares for cash	21,460	-	21,460
Total	265,031	-	265,031
Balance at 30 September 2014	<u>283,427</u>	<u>(15,620)</u>	<u>267,807</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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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 2015 (audited) and 30 September 2015 (unaudited)	886,369,771	283,427

The Company does not have treasury shares or any outstanding convertibles as at 30 September 2015 and 31 March 2015.

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-15 (Unaudited)	31-Mar-15 (Audited)
Total number of issued shares (excluding treasury shares)	886,369,771	886,369,771

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

There are no sale, transfer, disposal, cancellation and/or use of treasury shares as at 30 September 2015.

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 financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 March 2015 statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2015.

The adoption of these new and revised FRS and INT FRS has no material financial impact on the financial statements of the Group.

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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-15 (Unaudited)	6 months ended 30-Sep-14 (Unaudited)
Net profit/ (loss) attributable to Owners of the Company (S\$'000)	1,913	(6,136)
Weighted average number of ordinary shares	886,369,771	731,424,716
Earnings / (loss) per share ("EPS")(in SGD cents per share)		
(a) based on weighted average number of ordinary shares	0.22	(0.84)
(b) on a fully diluted basis	0.22	(0.84)

Notes:

(1) Fully diluted EPS is the same as basic 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.

	Group		Company	
	30-Sep-15 (Unaudited)	31-Mar-15 (Audited)	30-Sep-15 (Unaudited)	31-Mar-15 (Audited)
Net asset value ("NAV") (S\$'000)	95,145	93,365	173,139	172,469
Number of shares	886,369,771	886,369,771	886,369,771	886,369,771
NAV per ordinary share based on issued share capital as at end of the period reported on (in SGD cents per share)	10.73	10.53	19.53	19.46

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	2QFY2016 S\$'000	2QFY2015 S\$'000	Change	
			S\$'000	%
Real estate development and investment	-	189	(189)	(100)
Real estate origination and management services	177	290	(113)	(39)
Hospitality	3,347	3,012	335	11
Entertainment	127	474	(347)	(73)
	3,651	3,965	(314)	(8)
	6MFY2016 S\$'000	6MFY2015 S\$'000	Change	
			S\$'000	%
Real estate development and investment	2,254	2,193	61	3
Real estate origination and management services	348	807	(459)	(57)
Hospitality	6,402	6,053	349	6
Entertainment	323	970	(647)	(67)
	9,327	10,023	(696)	(7)

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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:-

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(a) INCOME STATEMENTS (CONT'D)

2QFY2016 vs 2QFY2015

Revenue for the financial period from 1 July 2015 ended 30 September 2015 ("2QFY2016") decreased by S\$314,000 or 8% as compared to the period from 1 July 2014 ended 30 September 2014 ("2QFY2015"). The decrease was mainly due to decrease in revenue from the real estate development and investment segment, real estate origination and management services segment and entertainment segment. The decrease was partially offset by the increase in revenue from the hospitality segment.

The decrease in revenue from the real estate development and investment segment was mainly due to there being no sale of the property of Montigo Resorts, Nongsa during 2QFY2016. The decrease in revenue from the real estate origination and management services segment was mainly due to lesser management fee charged during 2QFY2016. The decrease in entertainment segment was mainly due to a decrease in business transactions.

The increase in revenue from the hospitality segment was mainly due to an increase in occupancy and revenue per room in relation to the Cranley Hotel and Montigo Resorts, Nongsa.

6MFY2016 vs 6MFY2015

Revenue for the financial period from 1 April 2015 to 30 September 2015 ("6MFY2016") decreased by S\$696,000 or 7% as compared to the period from 1 April 2014 to 30 September 2014 ("6MFY2015"). The decrease was mainly due to decrease in revenue from the real estate origination and management services segment and entertainment segment. The decrease was partially offset by the increase in revenue from the real estate development and investment segment and hospitality segment.

The decrease in the real estate origination and management services segment was mainly due to a one-time asset management fee charged to a third party in 6MFY2015 and lesser management fee charged to related companies in 6MFY2016. The decrease in the entertainment segment was mainly due to a decrease in business transactions.

The increase in revenue from the real estate development and investment segment was mainly due to sale of property of Montigo Resorts, Nongsa, during 1QFY2016. The increase in revenue from hospitality segment was mainly due to increase in occupancy and revenue per room in relation to the Cranley Hotel and Montigo Resorts, Nongsa.

Gross profit/ Gross profit margin

2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

Gross profit decreased by S\$0.2 million or 11% from S\$2.2 million in 2QFY2015 to S\$2 million in 2QFY2016 and decreased by S\$0.4 million or 8% from S\$5 million in 6MFY2015 to S\$4.6 million in 6MFY2016 mainly due to a one-time asset management fee charged to a third party in 2QFY2015 and 6MFY2015.

Other operating income

2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

Other operating income increased by S\$1.6 million from \$0.2 million in 2QFY2015 to S\$1.8 million in 2QFY2016 and increased by S\$3.5 million from S\$0.4 million in 6MFY2015 to S\$3.9 million in 6MFY2016 mainly due to the shareholder's loan interest charged to an associated company, Epic Land Pte. Ltd., interest income generated from the long-term notes receivable and increase in foreign exchange gain due to translation of Singapore Dollars' borrowings to Great British Pound by the subsidiary, Cranley Hotel Limited during 2QFY2016 and 6MFY2016.

Distribution costs

2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

Distribution costs increased by S\$77,000 or 23% from S\$338,000 in 2QFY2015 to S\$415,000 in 2QFY2016 and increased by S\$35,000 or 5% from S\$714,000 in 6MFY2015 to S\$749,000 in 6MFY2016 mainly due to an increase in marketing expenses and agency commission during the period.

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(a) INCOME STATEMENTS (CONT'D)**Administrative expenses**2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

Administrative expenses decreased by S\$2.1 million or 43% from S\$4.8 million in 2QFY2015 to S\$2.7 million in 2QFY2016 and decreased by S\$2.7 million or 29% from S\$9.3 million in 6MFY2015 to S\$6.6 million in 6MFY2016 mainly due to a decrease in payroll cost during the financial period and the pre-RTO expenses and the professional fees incurred for RTO in the last financial period.

Share of results from interest in associate2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

No share of results from interest in associate in 2QFY2016 and 6MFY2016 due to the redemption of the 2013 Junior Notes in the financial year ended 31 March 2015 ("FY2015") and the Group ceased to share the results subsequent to the redemption.

Share of results from investments in associated companies2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

This represents share of results from investments in an associated company, Epic Land Pte. Ltd. during the period.

Finance costs2QFY2016 vs 2QFY2015

Finance costs decreased by S\$72,000 or 20% from S\$353,000 in 2QFY2015 to S\$281,000 in 2QFY2016 mainly due to the interest for revolving credit facility which was drawn down in 2QFY2015 and repaid in 3QFY2015 and the financing fee incurred in 2QFY2015.

6MFY2016 vs 6MFY2015

Finance costs increased by S\$18,000 or 3% from S\$552,000 in 6MFY2015 to S\$570,000 in 6MFY2016 mainly due to an increase in interest for bank overdrafts which was drawn down in 2QFY2016.

Profit/ (Loss) after tax2QFY2016 vs 2QFY2015 & 6MFY2016 vs 6MFY2015

As a result of the above, the Group recorded a profit after tax of S\$0.2 million in 2QFY2016 and a profit after tax of S\$2 million in 6MFY2016 vis-a-vis a loss after tax of S\$3.7 million in 2QFY2015 and a loss after tax of S\$6.8 million in 6MFY2015.

(b) STATEMENT OF FINANCIAL POSITION

Other current assets increased by S\$203,000 from S\$969,000 to S\$1,172,000 mainly due to prepayment for capital expenditures for Montigo Resorts, Seminyak.

Development properties increased by S\$3.9 million from S\$55.5 million to S\$59.4 million mainly due to the capitalisation of interest expense for the borrowings, payments for the development of Montigo Resorts, Seminyak, offsetting the recognition of sale of property of Montigo Resorts, Nongsa.

Inventories decreased by S\$60,000 from S\$467,000 to S\$407,000 mainly due to sales made during the period.

Prepaid film rights increased by S\$145,000 from S\$134,000 to S\$279,000 mainly due to instalment payments made for the rights during the period.

Intangible assets decreased by S\$94,000 from S\$344,000 to S\$250,000 mainly due to amortisation and impairment made during the period.

Investments in associated companies represent investment of 20% interest in Art Heritage Singapore Pte. Ltd. and 25% interest in Epic Land Pte. Ltd.. Increase in investments in associated companies was mainly due to share of results from investments in associated companies during the period.

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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:-

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(b) any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(b) STATEMENT OF FINANCIAL POSITION (CONT'D)

Long-term notes receivable represents subscription of Royce Properties Pte. Ltd.'s 2014 Junior Notes and interest accrued on the 2014 Junior Notes. Increase in long-term notes receivable was due to interest accrued during the period.

Increase in property, plant and equipment by S\$1.6 million was mainly due to purchase of plant and equipment of S\$0.8 million and foreign currency exchange gain from translation of foreign operations' assets of S\$1.8 million, offset with the depreciation charge of S\$1 million during the period.

Non-current asset held for sale and liabilities directly associated with asset classified as held for sale relate to the asset and liabilities associated with the Scorpio East Building (now known as KOP Building) located at 25 Tai Seng Avenue, Singapore 534104.

Trade and other payables increased by S\$8.6 million mainly due to advances from ultimate holding company, KOP Group Pte. Ltd. during the period.

Increase in bank overdrafts and borrowings of S\$2.6 million was mainly due to utilisation of S\$5.5 million bank overdrafts and foreign currency exchange loss from translation of foreign currency borrowings of S\$0.7 million, offset with the repayments of borrowings of S\$3.6 million during the period.

Decrease in finance leases of S\$0.7 million was mainly due to repayments during the period.

Decrease in sales proceeds received in advance amounting to S\$2 million was mainly due to the recognition of sale of property of Montigo Resorts, Nongsa, offset with sales proceeds received in advance during the period.

Increase in deferred tax liabilities mainly due to recognition of deferred tax liabilities on the interest income generated from the long-term notes receivable.

(c) STATEMENT OF CASH FLOWS

The net cash outflow from operating activities for 2QFY2016 mainly due to payment to contractor for the development of Montigo Resorts, Seminyak during the period. While the net cash inflow from operating activities for 6MFY2016 arose mainly from the advances from ultimate holding company, KOP Group Pte. Ltd. during the period.

The net cash outflow from investing activities for 2QFY2016 and 6MFY2016 mainly due to an additional loan extended to an associated company, Epic Land Pte. Ltd. and for the purchase of property, plant and equipment during the period.

The net cash outflow from financing activities for 2QFY2016 and 6MFY2016 mainly due to the repayment of borrowings and finance leases as well as an increase in restricted funds placed in escrow accounts during the period.

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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

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 favorable markets while seeking to grow opportunistically in new geographies.

As part of the Group's strategic restructuring efforts, the Group will be winding down and divesting the DVD and movie production part of the entertainment segment, which no longer fits with the Group's strategic growth plans. Instead of producing content ourselves, the Group intends to go into strategic investment and partnerships with specialist companies that focus on creating content. The Group will draw synergies from both ends and leverage on the capabilities of its property business arm, by focusing its efforts on the provision of entertainment venues for the arts, including concerts, musicals and events. This will be a win-win scenario for both the property business as well as its entertainment business, making the Group a unique player in the sunrise real estate/entertainment business.

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>		
Commission income	154	-
Interest income	1,596	-
<u>Scotts Spazio Pte. Ltd.</u>		
Management fee income	175	-
<u>Cocoa Colony Food & Beverage Management (Shanghai) Co., Ltd.</u>		
Management consulting fee expense	180	-

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 half year financial results of the Company and of the Group for the period ended 30 September 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
13 November 2015

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

This announcement has not been examined or approved by 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. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone: (65) 6415 9886.