

KOP LIMITED

(Company Registration Number: 200415164G)

(Incorporated in the Republic of Singapore)

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

THIRD QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 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 period.

	Group					
	3QFY2019 3 months ended 31-Dec-18 (Unaudited) S\$'000	3QFY2018 3 months ended 31-Dec-17 (Unaudited) S\$'000	% change + / (-)	9MFY2019 9 months ended 31-Dec-18 (Unaudited) S\$'000	9MFY2018 9 months ended 31-Dec-17 (Unaudited) S\$'000	% change + / (-)
Revenue	4,697	14,817	(68)	13,898	23,441	(41)
Cost of sales	(2,063)	(1,894)	9	(5,891)	(6,829)	(14)
Gross profit	2,634	12,923	(80)	8,007	16,612	(52)
Other operating income	172	717	(76)	1,462	2,373	(38)
	2,806	13,640	(79)	9,469	18,985	(50)
Distribution costs	(79)	(194)	(59)	(263)	(473)	(44)
Administrative and general expenses	(5,073)	(5,009)	1	(13,044)	(13,992)	(7)
Share of results from investments in associates	(19)	452	(104)	1,159	24	N.M
Share of results from investments in a joint venture	(25)	(60)	(58)	(10)	(69)	(86)
Finance costs	(927)	(992)	(7)	(2,711)	(1,420)	91
(Loss)/ Profit before tax	(3,317)	7,837	(142)	(5,400)	3,055	(277)
Income tax expense	(87)	(898)	(90)	(83)	(1,156)	(93)
(Loss)/ Profit after tax	(3,404)	6,939	(149)	(5,483)	1,899	(389)
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	(5,385)	(231)	N.M	(5,456)	86	N.M
Total comprehensive income for the period	(8,789)	6,708	(231)	(10,939)	1,985	(651)
(Loss)/ Profit attributable to:						
Owners of the Company	(3,290)	6,995	(147)	(5,249)	2,088	(351)
Non-controlling interests	(114)	(56)	104	(234)	(189)	24
	(3,404)	6,939	(149)	(5,483)	1,899	(389)
Total comprehensive income attributable to:						
Owners of the Company	(8,670)	6,752	(228)	(10,593)	2,061	(614)
Non-controlling interests	(119)	(44)	170	(346)	(76)	355
	(8,789)	6,708	(231)	(10,939)	1,985	(651)
1(a)(ii) (Loss)/ Profit before tax is determined after charging/ (crediting):						
Depreciation of property, plant and equipment	297	806	(63)	1,817	2,310	(21)
Amortisation of intangible assets	-	-	N.M	-	7	N.M
Interest income (Note a)	(16)	(272)	(94)	(105)	(837)	(87)
Net foreign exchange losses/ (gains) (Note b)	(59)	298	(120)	(1,114)	1,121	(199)
Interest expense (Note c)	927	992	(7)	2,711	1,420	91
Gain on strike-off of subsidiaries	(2)	(146)	N.M	(2)	(146)	N.M
Gain on disposal of subsidiary	-	(30)	N.M	-	(30)	N.M
Gains on disposal of property, plant and equipment	-	(1)	N.M	(5)	(392)	(99)
Bad debts recovered	-	(15)	N.M	-	(650)	N.M
Allowance for doubtful receivables	-	8	N.M	-	8	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. 3QFY2019 vs 3QFY2018

Decrease in interest income was mainly due to the repayment of shareholders' loan from associated company, Epic Land Pte. Ltd. and the partial redemption of notes receivable during 1QFY2019.

b. 3QFY2019 vs 3QFY2018

Net foreign exchange gain mainly due to the translation of foreign currencies balances. During the period, USD depreciated against SGD.

c. 9MFY2019 vs 9MFY2018

Increase in interest expense mainly due to the loan from shareholder.

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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	
	31-Dec-18 (Unaudited) S\$'000	31-Mar-18 (Audited) S\$'000	31-Dec-18 (Unaudited) S\$'000	31-Mar-18 (Audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	44,661	41,671	-	3
Investments in subsidiaries	-	-	144,900	144,900
Investments in associates	1,578	8,669	-	-
Investment in a joint venture	103,015	59,392	-	-
Deferred tax assets	38	99	-	-
Notes receivable	-	1,789	-	-
Total non-current assets	149,292	111,620	144,900	144,903
Current assets				
Development properties	25,897	24,306	-	-
Inventories	574	527	-	-
Trade and other receivables	4,096	11,458	84,104	78,489
Other current assets	14,181	932	4	47
Notes receivable	1,827	8,000	-	-
Cash and bank balances	14,672	9,613	215	440
Total current assets	61,247	54,836	84,323	78,976
Total assets	210,539	166,456	229,223	223,879
Current liabilities				
Bank borrowings (secured)	1,636	1,131	-	-
Finance leases	31	30	-	-
Sales proceeds received in advance	1,676	986	-	-
Tax payables	381	523	4	4
Trade and other payables	15,463	13,835	1,373	830
Loan from a shareholder	37,000	37,000	37,000	37,000
Total current liabilities	56,187	53,505	38,377	37,834
Non-current liabilities				
Deferred tax liabilities	2,629	2,716	-	-
Bank borrowings (secured)	9,304	10,125	-	-
Finance leases	154	177	-	-
Total non-current liabilities	12,087	13,018	-	-
Total liabilities	68,274	66,523	38,377	37,834
Equity attributable to owners of the Company				
Share capital	78,940	78,940	294,506	294,506
Foreign currency translation reserves	(3,489)	1,855	-	-
Other reserves	1,642	1,520	-	-
Retained earnings/ (Accumulated losses)	61,467	18,161	(103,660)	(108,461)
Equity attributable to owners of the Company	138,560	100,476	190,846	186,045
Non-controlling interests	3,705	(543)	-	-
Total equity	142,265	99,933	190,846	186,045
Total liabilities and equity	210,539	166,456	229,223	223,879

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

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

	Group			
	31-Dec-18		31-Mar-18	
	(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	38,667	-	38,161	-
Amount repayable after one year	9,458	-	10,302	-
	48,125	-	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	
	9MFY2019 31-Dec-18 (Unaudited) S\$'000	9MFY2018 31-Dec-17 (Unaudited) S\$'000
Operating activities		
(Loss)/ Profit before tax	(5,400)	3,055
Adjustments for:		
Depreciation of property, plant and equipment	1,817	2,310
Gain on disposal of property, plant and equipment	(5)	(392)
Amortisation of intangible assets	-	7
Unrealised foreign exchange differences	(1,382)	1,387
Interest income	(105)	(837)
Finance costs	2,711	1,420
Allowance for doubtful receivables	-	8
Gain on strike-off of subsidiaries	(2)	(146)
Gain on disposal of subsidiary	-	(30)
Share of results from investments in a joint venture	10	69
Share of results from investments in associates	(1,159)	(24)
Operating cash flows before changes in working capital	(3,515)	6,827
Trade and other receivables	9,525	14,884
Other current assets	(13,249)	(1,363)
Development properties	(1,591)	(989)
Inventories	(47)	(31)
Trade and other payables	522	(3,449)
Sales proceeds received in advance	690	(1,795)
Cash flows (used in)/ generated from operations	(7,665)	14,084
Interest paid	(2,059)	(1,389)
Tax paid	(331)	(85)
Net cash flows (used in)/ generated from operating activities	(10,055)	12,610

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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	
	9MFY2019 31-Dec-18 (Unaudited) S\$'000	9MFY2018 31-Dec-17 (Unaudited) S\$'000
Investing activities		
Purchase of property, plant and equipment	(3,516)	(2,615)
Proceeds from disposal of property, plant and equipment	-	430
Net cash outflow on investment in joint venture	-	(61,389)
Net cash inflow on disposal of subsidiary	-	2,875
Capital contribution from non-controlling interests	400	40
Partial redemption of notes receivable	8,000	-
Net cash flows generated from/ (used in) investing activities	4,884	(60,659)
Financing activities		
Proceeds from issuance of ordinary shares	-	11,079
Proceeds from borrowings	-	23,000
Repayments of borrowings	(765)	(14,290)
Loan from controlling shareholder	-	45,000
Increase in restricted funds placed in escrow accounts	(143)	(639)
Proceeds from finance leases	-	233
Repayment of loan from an associate	6,174	-
Repayments of finance leases	(22)	(33)
Loan from / (repayments to) non-controlling interests	4,808	(3,682)
Net cash flows generated from financing activities	10,052	60,668
Net increase in cash and cash equivalents	4,881	12,619
Cash and cash equivalents at the beginning of financial period	8,852	(6,800)
Effect of foreign currency translation in cash and cash equivalents	35	(55)
Cash and cash equivalents at the end of financial period	13,768	5,764

Explanatory Notes:

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

	31-Dec-18 (Unaudited)	31-Dec-17 (Unaudited)
Cash and bank balances	14,672	6,689
Less: Restricted funds placed in escrow accounts	(904)	(925)
Cash and cash equivalents	13,768	5,764

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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 year.

Unaudited Statement of Changes in Equity for the period ended 31 December 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	-	-	-	(5,249)	(5,249)	(234)	(5,483)
Other comprehensive income for the period	-	(5,344)	-	-	(5,344)	(112)	(5,456)
Total	-	(5,344)	-	(5,249)	(10,593)	(346)	(10,939)
Revaluation gain on investment property of investment in a joint venture	-	-	-	48,677	48,677	-	48,677
Strike-off of subsidiaries	-	-	122	(122)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	4,594	4,594
As at 31 December 2018	78,940	(3,489)	1,642	61,467	138,560	3,705	142,265
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>							
Profit for the period	-	-	-	2,088	2,088	(189)	1,899
Other comprehensive income for the period	-	(27)	-	-	(27)	113	86
Total	-	(27)	-	2,088	2,061	(76)	1,985
Issuance of ordinary shares	11,079	-	-	-	11,079	-	11,079
Contribution from non-controlling interests	-	-	-	-	-	40	40
As at 31 December 2017	78,940	387	1,520	28,032	108,879	(530)	108,349

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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 year.

Unaudited Statement of Changes in Equity for the period ended 31 December 2018

The Company	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
As at 1 April 2018	294,506	(108,461)	186,045
Profit for the period, representing total comprehensive income for the period	-	4,801	4,801
As at 31 December 2018	<u>294,506</u>	<u>(103,660)</u>	<u>190,846</u>
Balance at 1 April 2017	283,427	(113,186)	170,241
Profit for the period, representing total comprehensive income for the period	-	6,232	6,232
Issuance of ordinary shares	11,079	-	11,079
As at 31 December 2017	<u>294,506</u>	<u>(106,954)</u>	<u>187,552</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 31 December 2018 (unaudited)	1,107,962,214	294,506

The Company does not have treasury shares or any outstanding convertibles or subsidiary holding as at 31 December 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.

	31-Dec-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 are no sale, transfer, cancellation and/or use of treasury shares as at 31 December 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 are no sale, transfer, cancellation and/or use of subsidiary holdings as at 31 December 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.

	9 months ended 31-Dec-18 (Unaudited)	9 months ended 31-Dec-17 (Unaudited)
Net (loss)/ profit attributable to Owners of the Company (S\$'000)	(5,249)	2,088
Weighted average number of ordinary shares	1,107,962,214	944,598,442
(Loss)/ earnings per share ("EPS") (in SGD cents per share)		
(a) based on weighted average number of ordinary shares	(0.47)	0.22
(b) on a fully diluted basis	(0.47)	0.22

Notes:

(1) Fully diluted EPS is the same as basic as there is 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	
	31-Dec-18 (Unaudited)	31-Mar-18 (Audited)	31-Dec-18 (Unaudited)	31-Mar-18 (Audited)
Net asset value ("NAV") (S\$'000)	142,265	99,933	190,846	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)	12.84	9.02	17.22	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	3QFY2019 S\$'000	3QFY2018 S\$'000	Change S\$'000	%
Real estate development and investment	-	-	-	N.M.
Real estate origination and management services	50	10,904	(10,854)	(99.5)
Hospitality	4,647	3,766	881	23.4
Entertainment	-	147	(147)	(100.0)
	<u>4,697</u>	<u>14,817</u>	<u>(10,120)</u>	<u>(68.3)</u>
	9MFY2019 S\$'000	9MFY2018 S\$'000	Change S\$'000	%
Real estate development and investment	-	1,643	(1,643)	(100.0)
Real estate origination and management services	1,550	11,004	(9,454)	(85.9)
Hospitality	12,348	10,382	1,966	18.9
Entertainment	-	412	(412)	(100.0)
	<u>13,898</u>	<u>23,441</u>	<u>(9,543)</u>	<u>(40.7)</u>

3QFY2019 vs 3QFY2018

Revenue for the financial period from 1 October 2018 to 31 December 2018 ("3QFY2019") decreased by S\$10.1 million or 68.3% as compared to the period from 1 October 2017 to 31 December 2017 ("3QFY2018"). The decrease was mainly due to an decrease in revenue from the real estate origination and management services segment. The decrease was partially offset by the increase in hospitality segment.

The decrease in revenue from the real estate origination and management services segment was mainly due to the recognition of an one-off establishment fee from joint venture, Shanghai Snow Star Properties Co., Ltd in 3QFY2018. There was no such fee in 3QFY2019. The increase in revenue from the hospitality segment was mainly due to better performance achieved in both Montigo Resorts, Nongsa and Seminyak.

9MFY2019 vs 9MFY2018

Revenue for the financial period from 1 April 2018 to 31 December 2018 ("9MFY2019") decreased by S\$9.5 million or 40.7% as compared to the period from 1 April 2017 to 31 December 2017 ("9MFY2018"). The decrease was mainly due to an decrease in revenue from the real estate development and investment segment and 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 origination and management services segment was mainly due to the recognition of one-off establishment fee from joint venture, Shanghai Snow Star Properties Co., Ltd in 9MFY2018. The increase in revenue from the hospitality segment was mainly due to better performance achieved in both Montigo Resorts, Nongsa and Montigo Resorts, Seminyak.

The decrease in revenue from the real estate development and investment segment was mainly due to the absence of revenue recognised from the sale of development properties. The decrease in revenue from the entertainment segment was mainly due to the absence of assignment of distribution rights during the period.

Cost of sales

3QFY2019 vs 3QFY2018

The increase in the cost of sales is in line with the increase in revenue by S\$0.9 million from the hospitality segment from 1 October 2018 to December 2018.

Gross profit margin

3QFY2019 vs 3QFY2018 & 9MFY2019 vs 9MFY2018

Gross profit decreased by S\$10.3 million or 80.0% from S\$12.9 million in 3QFY2018 to S\$2.6 million in 3QFY2019 and by S\$8.6 million or 52.0% from S\$16.6 million in 9MFY2018 to S\$8.0 million in 9MFY2019 was mainly due to the recognition of an one-off establishment fee from a joint venture, Shanghai Snow Star Properties Co., Ltd in 3QFY2018. There was no such fee in 3QFY2019.

KOP LIMITED

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THIRD QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 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

3QFY2019 vs 3QFY2018 & 9MFY2019 vs 9MFY2018

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

3QFY2019 vs 3QFY2018 & 9MFY2019 vs 9MFY2018

The decrease in distribution costs mainly due to the decrease in marketing expenses and agency commission during the period.

9MFY2019 vs 9MFY2018

Distribution costs decreased by S\$0.2 million or 44.0% from S\$0.5 million in 9MFY2018 to S\$0.3 million in 9MFY2019 mainly due to a decrease in marketing expenses and agency commission during the period.

Share of results from investments in associated companies

3QFY2019 vs 3QFY2018 & 9MFY2019 vs 9MFY2018

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 joint venture

3QFY2019 vs 3QFY2018 & 9MFY2019 vs 9MFY2018

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

9MFY2019 vs 9MFY2018

Finance costs increased by S\$1.3 million or 91% from S\$1.4 million in 9MFY2018 to S\$2.7 million in 9MFY2019 mainly due to interest incurred on a loan from a shareholder.

(Loss)/ Profit after tax

3QFY2019 vs 3QFY2018 & 9MFY2019 vs 9MFY2018

As a result of the above as well as the one-time guarantors fee incurred during the period, the Group recorded a loss after tax of S\$3.4 million in 3QFY2019 and a loss after tax of S\$5.5 million in 9MFY2019 as compared to a profit after tax of S\$6.9 million in 3QFY2018 and a profit after tax of S\$1.9 million in 9MFY2018.

Other comprehensive income

3QFY2019 vs 3QFY2018 & 9MFY2019 vs 9MFY2018

The significant change in the exchange difference on translation of foreign operation was mainly due to the translation of RMB at the end of the period. During the period, RMB appreciated against SGD.

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(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 31 December 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 year. 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 decreased by S\$7.4 million from S\$11.5 million to S\$4.1 million mainly due to the repayment of shareholder's loan by associated company, Epic Land Pte. Ltd. as a result of the sale of remaining units in Prudential Tower during the period.

Other current assets increased by S\$13.3 million from S\$0.9 million to S\$14.2 million mainly due to deposit paid for the acquisition of land located at Davley Road during the period.

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.

Trade and other payables increased by S\$1.7 million from S\$13.8 million to S\$15.5 million mainly due to the loan from non-controlling interests to fund the stamp duty and deposit paid for the acquisition of land located at Dalvey Road.

Increase in sales proceeds received in advance of S\$0.7 million was mainly due to sales proceeds received in advance for an uncompleted unit during the period.

Decrease in tax payables of S\$142,000 was mainly due to payments made during the period.

(c) STATEMENT OF CASH FLOWS

The net cash outflow from operating activities for the period ended 31 December 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 31 December 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 31 December 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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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 and the reason(s) for the decision.

No dividend has been declared or recommended as the Company has deemed it more appropriate to retain the cash in the Group for its future growth.

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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	-
<u>Ms. Ong Chih Ching</u>		
Guarantors fee	15	-
<u>Ms. Leny Suparman</u>		
Guarantors fee	15	-

15. 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 third quarter financial results of the Company and of the Group for the period ended 31 December 2018 to be false or misleading in any material aspect.

16. 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
14 February 2019

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.