



KSH Holdings Limited

(Company Registration Number: 200603337G)
(Incorporated in the Republic of Singapore on 9 March 2006)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2011

- 1 (a) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

INCOME STATEMENT

	GROUP		increase/ (decrease) %
	First Quarter Ended		
	30.06.2011	30.06.2010	
	S\$'000	S\$'000	
REVENUE			
Project revenue	39,423	70,998	(44)
Rental income from investment properties	1,347	1,338	1
Rental income from development property	-	106	nm
	40,770	72,442	(44)
Other income	459	430	7
Cost of construction	(33,326)	(62,970)	(47)
Personnel expenses	(1,937)	(2,543)	(24)
Depreciation of property, plant and equipment	(432)	(451)	(4)
Finance costs	(429)	(625)	(31)
Other operating expenses	(898)	(1,132)	(21)
	(37,022)	(67,721)	(45)
Profit from operations before share of results of associates	4,207	5,151	(18)
Share of results of associates	(793)	(4)	nm
Profit before taxation	3,414	5,147	(34)
Tax expense	(738)	(871)	(15)
Net profit for the financial period	2,676	4,276	(37)
Attributable to:			
- Owners of the Company	2,599	4,225	(38)
- Non-controlling interests	77	51	51
	2,676	4,276	(37)

INCOME STATEMENT

NOTES TO THE INCOME STATEMENT	GROUP		increase/ (decrease) %
	First Quarter Ended		
	30.06.2011 S\$'000	30.06.2010 S\$'000	
The Group's profit before taxation is arrived at after crediting/(charging) the following:			
Interest income	307	219	40
Allowance for doubtful debts	(23)	(196)	(88)
Amortisation of club membership	(1)	(1)	-
Write back of provision for diminution on structured deposits	-	27	nm
Loss on sale of plant and equipment	(2)	(1)	100
Loss on sale of investment properties	-	(110)	nm
Foreign exchange loss, net	(3)	(4)	(25)
Interest expense	(400)	(594)	(33)
Profit after taxation but before non-controlling interests as a percentage of turnover	6.56%	5.90%	11
Profit after taxation attributable to Owners of the Company as a percentage of the Group's Issued Capital and Reserves before non-controlling interests at 30 June 2011 and 30 June 2010	2.05%	3.74%	(45)

nm : not meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER PERIOD ENDED 30 JUNE 2011 AND 30 JUNE 2010

	GROUP		increase/ (decrease) %
	First Quarter Ended		
	30.06.2011	30.06.2010	
	S\$'000	S\$'000	
Net profit for the financial period	2,676	4,276	(37)
Other comprehensive income:			
- Foreign currency translation	(977)	295	nm
Other comprehensive income for the financial period, net of tax	(977)	295	nm
Total comprehensive income for the financial period	1,699	4,571	(63)
Total comprehensive income attributable to:			
- Owners of the Company	1,855	4,446	(58)
- Non-controlling interests	(156)	125	nm
	1,699	4,571	(63)

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.

STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2011 S\$'000	31.03.2011 S\$'000	30.06.2011 S\$'000	31.03.2011 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11,546	13,453	-	-
Investment in subsidiaries	-	-	57,516	57,516
Investment in associates	11,210	12,130	-	-
Investment properties	93,713	92,965	-	-
Amounts due from associates	47,227	43,349	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,103	2,130	-	-
Amounts due from subsidiaries (non-trade)	-	-	24,688	24,548
Trade receivables	5,104	4,248	-	-
Club membership	50	51	-	-
Other investment - quoted equity shares	1	1	-	-
	170,954	168,327	82,204	82,064
Current assets				
Development property	56,530	57,846	-	-
Trade receivables	25,458	28,569	-	-
Other receivables and deposits	1,906	2,089	-	-
Prepayments	526	608	60	79
Construction work-in-progress in excess of progress billings	3,258	10,841	-	-
Fixed deposits	69,471	69,090	-	-
Structured deposits	2,000	-	-	-
Cash and cash equivalents	10,147	22,367	550	314
	169,296	191,410	610	393
LIABILITIES				
Current liabilities				
Trade payables	21,869	23,015	-	-
Other payables and accruals	63,384	73,677	693	1,839
Amount due to a Director of a subsidiary	280	287	-	-
Amounts due to subsidiaries (non-trade)	-	-	20,000	18,000
Amount due to joint venture partners (non-trade)	1	-	-	-
Finance lease obligations	1,113	1,387	-	-
Provision for income tax	5,890	5,269	-	-
Progress billings in excess of construction work-in-progress	5,245	1,837	-	-
Bank term loans, secured	3,292	3,291	-	-
Bills payable to banks, secured	23,798	35,719	-	-
	124,872	144,482	20,693	19,839
Net current assets/(liabilities)	44,424	46,928	(20,083)	(19,446)

STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2011 S\$'000	31.03.2011 S\$'000	30.06.2011 S\$'000	31.03.2011 S\$'000
Non-current liabilities				
Trade payables	1,404	2,431	-	-
Other payables and accruals	140	141	-	-
Amounts due to subsidiaries (non-trade)	-	-	2,007	2,430
Finance lease obligations	338	582	-	-
Bank term loans, secured	53,240	53,487	-	-
Deferred tax liabilities	14,666	14,824	-	-
	<u>69,788</u>	<u>71,465</u>	<u>2,007</u>	<u>2,430</u>
NET ASSETS	<u>145,590</u>	<u>143,790</u>	<u>60,114</u>	<u>60,188</u>
EQUITY				
Equity attributable to Owners of the Company				
Share capital	38,644	38,543	38,644	38,543
Translation reserve	(2,658)	(1,914)	-	-
Accumulated profits	88,719	86,157	19,956	20,131
Other reserves	1,838	1,801	1,514	1,514
	<u>126,543</u>	<u>124,587</u>	<u>60,114</u>	<u>60,188</u>
Non-controlling interests	19,047	19,203	-	-
TOTAL EQUITY	<u>145,590</u>	<u>143,790</u>	<u>60,114</u>	<u>60,188</u>

GROUP'S BORROWINGS AND DEBT SECURITIES

1(b)(ii) The aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand			
At 30.06.2011		At 31.03.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
28,203	-	40,397	-

Amount repayable after one year			
At 30.06.2011		At 31.03.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
53,578	-	54,069	-

Details of any collaterals:

The Group's borrowings are secured by way of:

- 1) Assignment of progress payments from the developer for certain on-going construction projects;
- 2) Letters of assignment of certain progress payments and retention monies due to the Group;
- 3) Corporate guarantees issued by the Company;
- 4) First legal mortgage on the Group's investment properties and leasehold factory building;
- 5) Charge on fixed deposits and structured deposits;
- 6) First charge over the contract proceeds/project account arising from the construction project financed;
- 7) A first legal mortgage over the development property of a joint venture;
- 8) Legal assignment of sales proceeds from the development property of a joint venture;
- 9) Legal assignment of tenancy, rental, lease and licence agreements from development property of a joint venture;
- 10) Legal assignment of the construction contract(s) and performance bonds from development property of a joint venture;
- 11) Legal assignment of fire insurance policy from development property of a joint venture;
- 12) Corporate guarantees from all the shareholders of a joint venture in equal share ratio; and
- 13) Debenture over all present and future assets of a joint venture.

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	First Quarter Ended	
	30.06.2011	30.06.2010
	S\$'000	S\$'000
Operating activities		
Profit before taxation	3,414	5,147
Adjustments:		
Depreciation of property, plant and equipment	432	451
Amortisation of club membership	1	1
Loss on sale of plant and equipment	2	1
Loss on sale of investment property	-	110
Write back of provision for diminution on structured deposits	-	(27)
Allowance for doubtful debts	23	196
Interest expense	400	594
Interest income	(307)	(219)
Share of results of associates	793	4
Operating cash flows before changes in working capital	4,758	6,258
Decrease/(increase) in:		
Development property	1,317	322
Trade and other receivables, deposits and prepayments	2,486	(888)
Construction work-in-progress, net	10,990	9,371
Decrease in:		
Trade and other payables	(12,462)	(11,477)
Cash flows generated from operations	7,089	3,586
Income taxes paid	(120)	(487)
Interest income received	307	219
Exchange differences	47	(21)
Net cash flows generated from operating activities	7,323	3,297
Investing activities		
Purchase of plant and equipment	(119)	(143)
Purchase of investment properties	(247)	-
Proceeds from sale of plant and equipment	1	11
Proceeds from sale of investment property	-	261
Amounts due from associates	(3,878)	(700)
(Increase)/decrease in structured deposits	(2,000)	1,000
Net cash flows (used in)/generated from investing activities	(6,243)	429
Financing activities		
Issuance of new shares	100	56
Proceeds from bank term loans	241	-
Repayment of bank term loans	(370)	(352)
Repayment of bills payable to banks	(11,921)	(6,438)
Interest paid	(400)	(594)
Repayment of lease obligations	(518)	(569)
Decrease/(increase) in pledged fixed deposits	1,996	(1,007)
Net cash flows used in financing activities	(10,872)	(8,904)
Net decrease in cash and cash equivalents	(9,792)	(5,178)
Effect of exchange rate changes on cash and cash equivalents	(51)	16
Cash and cash equivalents at beginning of financial year	76,534	83,284
Cash and cash equivalents at end of financial period (Note A)	66,691	78,122

Note A: Cash and cash equivalents at end of financial period comprise:

	30.06.2011	30.06.2010
	S\$'000	S\$'000
Cash and bank balances	10,147	63,313
Fixed deposits	69,471	26,706
	79,618	90,019
Less: Pledged fixed deposits	(12,927)	(11,897)
Cash and cash equivalents	66,691	78,122

STATEMENTS OF CHANGES IN EQUITY

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.

GROUP	Attributable to Owners of the Company						
	Share capital S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Equity attributable to Owners of the Company, total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2010	33,732	1,630	71,430	1,636	108,428	19,212	127,640
Net profit for the financial period	-	-	4,225	-	4,225	51	4,276
<u>Other comprehensive income</u>							
Foreign currency translation	-	221	-	-	221	74	295
Other comprehensive income for the financial period	-	221	-	-	221	74	295
Total comprehensive income for the financial period	-	221	4,225	-	4,446	125	4,571
<u>Contributions by and distributions to owners</u>							
Conversion to shares by warrant holders	56	-	-	-	56	-	56
Transfer to other reserves	-	-	(22)	22	-	-	-
Total contributions by and distributions to owners	56	-	(22)	22	56	-	56
At 30 June 2010	33,788	1,851	75,633	1,658	112,930	19,337	132,267
At 1 April 2011	38,543	(1,914)	86,157	1,801	124,587	19,203	143,790
Net profit for the financial period	-	-	2,599	-	2,599	77	2,676
<u>Other comprehensive income</u>							
Foreign currency translation	-	(744)	-	-	(744)	(233)	(977)
Other comprehensive income for the financial period	-	(744)	-	-	(744)	(233)	(977)
Total comprehensive income for the financial period	-	(744)	2,599	-	1,855	(156)	1,699
<u>Contributions by and distributions to owners</u>							
Conversion to shares by warrant holders	101	-	-	-	101	-	101
Transfer to other reserves	-	-	(37)	37	-	-	-
Total contributions by and distributions to owners	101	-	(37)	37	101	-	101
At 30 June 2011	38,644	(2,658)	88,719	1,838	126,543	19,047	145,590

STATEMENTS OF CHANGES IN EQUITY

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.

COMPANY	Share capital S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Total equity S\$'000
At 1 April 2010	33,732	7,504	1,514	42,750
Net profit for the financial period	-	684	-	684
Total comprehensive income for the financial period	-	684	-	684
Conversion to shares by warrant holders	56	-	-	56
At 30 June 2010	33,788	8,188	1,514	43,490
At 1 April 2011	38,543	20,131	1,514	60,188
Net profit for the financial period	-	(175)	-	(175)
Total comprehensive income for the financial period	-	(175)	-	(175)
Conversion to shares by warrant holders	101	-	-	101
At 30 June 2011	38,644	19,956	1,514	60,114

SHARE CAPITAL

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.

On 3 April 2009, the Company issued 176,245,000 warrants at an issue price of S\$0.01 for each warrant. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Group at an exercise price of S\$0.10 for each new share on the basis of one warrant for every one existing ordinary share in the capital of the Company. The exercise price and the number of warrants held by each warrant holder may be adjusted under certain terms and conditions being met. The warrants expire on 2 April 2012. As at 30 June 2011, 166,878,468 warrants were converted to 166,878,468 new shares of the Company bringing total issued capital to 343,123,468 shares. Upon full conversion, the number of issued shares will increase to 352,490,000.

The Company does not hold any treasury shares up to the date of this announcement.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>Number of shares</u>
Balance as at 1 April 2010	
- Ordinary Shares	294,009,700
- Warrants	58,480,300
Issue of new shares upon exercising of warrants during the financial year ended 31 March 2011 (FY 2011)	
- Ordinary Shares	48,109,768
- Warrants	(48,109,768)
Balance as at 31 March 2011 and 1 April 2011	
- Ordinary Shares	342,119,468
- Warrants	10,370,532
Issue of new shares upon exercising of warrants during the 1st quarter FY2012	
- Ordinary Shares	1,004,000
- Warrants	(1,004,000)
Balance as at 30 June 2011	
- Ordinary Shares	343,123,468
- Warrants	9,366,532

Total number of issued ordinary shares at 30 June 2010 was 294,563,200 shares.

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

Not applicable.

SHARE CAPITAL

AUDIT

- 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.

ACCOUNTING POLICIES

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited financial year ended 31 March 2011.

- 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 adoption of the new/revised FRS and INT FRS is currently assessed to have no significant impact on the financial position and the results of the current year and prior year of the Group.

EARNINGS PER SHARE

- 6 Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP	
	First Quarter Ended	
	30.06.2011	30.06.2010
		(re-stated)
	(cents)	(cents)
a) On a basic basis	0.76	1.44
b) On a fully diluted basis	0.75	1.28
	S\$'000	S\$'000
Group's profit for the financial period attributable to Owners of the Company used in the computation of basic EPS	2,599	4,225
Group's adjusted profit for the financial period attributable to Owners of the Company used in the computation of diluted EPS	2,599	4,225
Weighted average number of ordinary shares for computing basic EPS	342,698,633	294,267,634
Effect of dilution from warrants	5,661,747	35,982,191
Weighted average number of ordinary shares for computing diluted EPS	348,360,380	330,249,825

EARNINGS PER SHARE

Basic earnings per share ("EPS") amounts are calculated by dividing the Group's profit after taxation attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earning per share amounts are calculated by dividing the Group's profit after taxation attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Diluted EPS is calculated based on the Group's profit for the financial period attributable to Owners of the Company divided by the weighted average number of ordinary shares in issue adjusted for the effects of all the dilutive potential ordinary shares, being the outstanding warrants.

NET ASSET VALUE PER SHARE

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	
	as at 30.06.2011	as at 31.03.2011	as at 30.06.2011	as at 31.03.2011
Net asset value per ordinary share (cents)	36.88	36.42	17.52	17.59
Issue share capital at the end of the period/year	343,123,468	342,119,468	343,123,468	342,119,468

REVIEW OF THE PERFORMANCE OF THE GROUP

- 8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current period reported on.

INCOME STATEMENT

1QFY2012 vs 1QFY2011

Revenue

The Group has a total revenue of S\$40.8 million for the first quarter three months ended 30 June 2011 ("1QFY2012"), a decrease of S\$31.6 million or 43.6% compared to S\$72.4 million registered in the corresponding financial period ended 30 June 2010 ("1QFY2011"). The decrease was mainly due to the decrease in revenue from the construction business.

Revenue from the construction business decreased by S\$31.6 million or approximately 44.5% from S\$71.0 million in 1QFY2011 to S\$39.4 million in 1QFY2012. The decrease was due to decrease in revenue from the projects completed before beginning of 1QFY2012 of S\$49.3 million and S\$1.2 million from a project completed during 1QFY2012. The decrease was partially offset by the increase in revenue of S\$18.9 million from the projects commenced after 1QFY2011 and the projects that have progressed into more advanced stages of construction in 1QFY2012.

REVIEW OF THE PERFORMANCE OF THE GROUP

INCOME STATEMENT

Operating expenses

Cost of construction decreased by approximately S\$29.7 million or 47.1% from S\$63.0 million in 1QFY2011 to S\$33.3 million in 1QFY2012 in line with the decrease in revenue.

Personnel expenses decreased by approximately S\$0.6 million or 24.0% from S\$2.5 million in 1QFY2011 to S\$1.9 million in 1QFY2012. This was mainly due to decrease in provision for bonuses.

Finance costs decreased by S\$0.2 million or 33.3% from S\$0.6 million to S\$0.4 million in 1QFY2012. This was mainly due to lesser borrowings and lower interest rate.

Other operating expenses decreased by approximately S\$0.2 million from S\$1.1 million in 1QFY2011 to S\$0.9 million in 1QFY2012. The decrease was mainly due to decrease in allowance for doubtful debts and loss on sale of investment properties.

There was no significant differences in depreciation between 1QFY2012 and 1QFY2011.

There was a loss of S\$0.8 million in share of results of associates, mainly due to the recognition of selling and marketing related expenses incurred by associates for the launches of the development property projects.

Profit before taxation

The Group's profit before taxation decreased by approximately S\$1.7 million from S\$5.1 million in 1QFY2011 to S\$3.4 million in 1QFY2012 as explained above.

Tax expense

Tax expense decreased in 1QFY2012 as compared to 1QFY2011 due to lesser profit before taxation.

Net profit attributable to Owners of the Company

As a result of the above, the Group made a net profit attributable to Owners of the Company of approximately S\$2.6 million in 1QFY2012 as compared to S\$4.2 million in 1QFY2011.

STATEMENTS OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment ("PPE") decreased by S\$2.0 million from S\$13.5 million as at 31 March 2011 ("FY2011") to S\$11.5 million as at 30 June 2011 ("1QFY2012"). The decrease was mainly due to the depreciation of S\$0.4 million and S\$1.6 million of investment properties under construction previously recorded in PPE was re-classified as investment properties in 1QFY2012.

Investment in associates decreased by approximately S\$0.9 million from S\$12.1 million in FY2011 to S\$11.2 million in 1QFY2012 due to share of results of associates.

The increase of approximately S\$0.7 million in investment properties from S\$93.0 million in FY2011 to S\$93.7 million in 1QFY2012 was mainly due to S\$1.8 million purchase of investment properties under construction offset by the translation difference of S\$1.1 million in RMB exchange rate used on the investment property in Tianjin, the People's Republic of China.

Amount due from associates increased by approximately S\$3.9 million mainly due to additional loans to finance the development property projects.

Trade receivables under non-current assets increased by approximately S\$0.9 million from S\$4.2 million in FY2011 to S\$5.1 million in 1QFY2012, was mainly due to additional retention sum receivables from on-going construction projects.

REVIEW OF THE PERFORMANCE OF THE GROUP

STATEMENTS OF FINANCIAL POSITION

Development property

Development property decreased approximately by S\$1.3 million from S\$57.8 million in FY2011 to S\$56.5 million in 1QFY2012 as the increase in progress billings from sales was more than the increase in cost incurred for the development during 1QFY2012.

Trade receivables

Trade receivables under current assets decreased by approximately S\$3.1 million from S\$28.6 million in FY2011 to S\$25.5 million in 1QFY2012, mainly due to the decrease in construction projects in progress.

Structured deposits

Structured deposits of S\$2.0 million were placed with a local bank during 1QFY2012.

Construction work-in-progress

Based on the progress of construction project in 1QFY2012 as compared to FY2011, progress billings in excess of construction work-in-progress increased by S\$3.4 million from S\$1.8 million in FY2011 to S\$5.2 million in 1QFY2012, while the construction work-in-progress in excess of progress billings decreased by S\$7.5 million from S\$10.8 million to S\$3.3 million in 1QFY2012.

Trade payables

Trade payables under current liabilities decreased by S\$1.1 million from S\$23.0 million in FY2011 to S\$21.9 million in 1QFY2012. The decrease was mainly from the decrease in billings from suppliers and subcontractors for construction projects which will be due for release of payments in the next 12 months.

Trade payables under non-current liabilities decreased by S\$1.0 million from S\$2.4 million in FY2011 to S\$1.4 million in 1QFY2012 as part of the retention sum withheld from suppliers and subcontractors for construction projects had been paid.

Other payables and accruals

Other payables and accruals decreased by S\$10.3 million from S\$73.7 million in FY2011 to S\$63.4 million in 1QFY2012, mainly due to lesser accruals made for construction projects in progress.

Total borrowings

Total borrowings decreased by S\$12.7 million from S\$94.5 million in FY2011 to S\$81.8 million in 1QFY2012 mainly due to the decrease in use of bills payable to banks of S\$11.9 million; the repayment of finance lease obligations of S\$0.5 million and bank term loans of S\$0.4 million.

STATEMENT OF CASH FLOWS

Net cash flows generated from operating activities of S\$7.3 million during 1QFY2012 mainly from operating cash flows before changes in working capital of S\$4.8 million and decrease in working capital of S\$2.3 million.

Net cash flows used in investing activities of S\$6.2 million during 1QFY2012 mainly arose from amounts due from associates of S\$3.9 million and structured deposits of S\$2.0 million.

Net cash flows used in financing activities of S\$10.9 million during 1QFY2012 mainly due to repayment of bills payable to banks of S\$11.9 million, interest payment of S\$0.4 million and repayment of lease obligations of S\$0.5 million. These payments were offset by the decrease in pledged fixed deposits of S\$2.0 million.

With the above mentioned, net decrease in cash and cash equivalents during 1QFY2012 was S\$9.8 million.

REVIEW OF THE PERFORMANCE OF THE GROUP

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

There was no forecast or any prospect statement previously disclosed to shareholders.

- 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.**

Although the outlook of Singapore economy and construction industry remain positive, the on-going United States debt crisis, coupled with the recent financial woes plaguing the Euro zone have caused uncertainties in the global economy. As such, the Group remains cautious on the possible impacts that the uncertainties in the global and domestic economic conditions, more intense competition in the construction industry, government's policies and measures on the construction and properties related industries and the inflationary pressure on business operation.

As at 30 June 2011, the Group has an order book on construction projects of approximately S\$350 million with the projects from both public and private sectors.

In view of the above, the Group is cautiously optimistic on the outlook of its construction business in Singapore.

DIVIDENDS

- 11 (a) Current financial period reported on**

Any dividend declared for the current financial period reported on? **No.**

- (b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No.**

- (c) Date payable**

Not applicable.

- (d) Books closure date**

Not applicable.

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

Not applicable.

NEGATIVE ASSURANCE

13 Negative assurance confirmation on the first quarter financial results pursuant to Rule 705(5) of the Listing Manual of SGX-ST.

On behalf of the Board of Directors of the Company, we, the undersigned, do hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter three months ended 30 June 2011 to be false or misleading in any material aspect.

**For and on behalf of the Board of Directors,
By Order of the Board**

Choo Chee Onn
Executive Chairman and Managing Director

Lim Kee Seng
Executive Director

05 August 2011