



# **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 2014**

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014**

1 (a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**INCOME STATEMENT**

**GROUP**

	<b>FIRST QUARTER ENDED</b>		increase/ (decrease)
	<b>30.06.2014</b>	<b>30.06.2013</b>	
		<b>(restated)</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>REVENUE</b>			
Project revenue	60,906	71,652	(15.0)
Rental income from investment properties	1,553	1,490	4.2
	<b>62,459</b>	<b>73,142</b>	(14.6)
Other income	1,232	1,757	(29.9)
Cost of construction	(54,278)	(66,762)	(18.7)
Personnel expenses	(2,644)	(1,075)	nm
Depreciation of property, plant and equipment	(464)	(459)	1.1
Finance costs	(1,473)	(490)	nm
Other operating expenses	(1,264)	(1,821)	(30.6)
	(60,123)	(70,607)	(14.8)
<b>Profit from operations before share of results of associates</b>	<b>3,568</b>	<b>4,292</b>	(16.9)
Share of results of associates	6,873	7,891	(12.9)
<b>Profit before taxation</b>	<b>10,441</b>	<b>12,183</b>	(14.3)
Tax expense	(705)	(695)	1.4
<b>Net profit for the financial period</b>	<b>9,736</b>	<b>11,488</b>	(15.3)
<b>Attributable to:</b>			
- Owners of the Company	9,624	11,417	(15.7)
- Non-controlling interests	112	71	57.7
	<b>9,736</b>	<b>11,488</b>	(15.3)

nm: not meaningful

1 (a) (i) STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	YEAR ENDED		increase/ (decrease)
	30.06.2014	30.06.2013	
	S\$'000	S\$'000	
<b>Net profit for the financial period</b>	<b>9,736</b>	<b>11,488</b>	<b>(15.3)</b>
<b>Other comprehensive income:</b>			
- Foreign currency translation	(597)	3,370	nm
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(597)</b>	<b>3,370</b>	<b>nm</b>
<b>Total comprehensive income for the financial period</b>	<b>9,139</b>	<b>14,858</b>	<b>(38.5)</b>
<b>Total comprehensive income attributable to:</b>			
- Owners of the Company	9,160	14,021	(34.7)
- Non-controlling interests	(21)	837	nm
	<b>9,139</b>	<b>14,858</b>	<b>(38.5)</b>

nm: not meaningful

1 (a) (ii) NOTES TO THE INCOME STATEMENT

	GROUP		
	FIRST QUARTER ENDED		increase/ (decrease) %
	30.06.2014 S\$'000	30.06.2013 S\$'000	
The Group's profit before taxation is arrived at after crediting/(charging) the following:			
Interest income	822	676	21.6
Allowance for doubtful debts	(26)	(69)	(62.3)
Amortisation of issuance costs on term notes	(125)	-	nm
Gain on sale of plant and equipment	1	47	(97.9)
Foreign exchange gain, net	8	17	(52.9)
Interest expense	(1,460)	(457)	nm
Profit after taxation but before non-controlling interests as a percentage of turnover	15.59%	15.71%	(0.8)
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 2014 and 30 June 2013	4.25%	5.88%	(27.7)

nm: not meaningful

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.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2014	31.03.2014 (restated)	30.06.2014	31.03.2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9,879	10,088	-	-
Investments in subsidiaries	-	-	57,516	57,516
Interests in associates	150,812	121,543	-	-
Investment properties	119,403	117,233	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,246	2,259	-	-
Amounts due from subsidiaries (non-trade)	-	-	102,696	81,476
Trade receivables	17,234	15,418	-	-
Club membership	44	44	-	-
Other investments - quoted equity shares	1	1	-	-
Structured deposits	1,056	1,056	-	-
	300,675	267,642	160,212	138,992
<b>Current assets</b>				
Inventory	2	2	-	-
Trade receivables	35,203	32,371	-	-
Other receivables and deposits	1,419	1,343	11	20
Prepayments	430	415	64	70
Due from associate (non-trade)	20,987	20,896	-	-
Construction work-in-progress in excess of progress billings	12,363	13,407	-	-
Fixed deposits	52,542	126,297	7,028	31,228
Cash and bank balances	51,957	12,174	8,353	1,778
	174,903	206,905	15,456	33,096
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	19,076	17,580	-	-
Other payables and accruals	58,817	61,071	1,351	4,433
Deferred income	272	276	-	-
Amount due to a Director of a subsidiary	-	-	-	-
Finance lease obligations	12	-	-	-
Provision for income tax	3,093	2,726	24	19
Progress billings in excess of construction work-in-progress	8,804	8,758	-	-
Bank term loans, secured	7,782	9,132	6,000	6,000
Bills payable to banks, secured	14,986	24,466	-	-
	112,842	124,009	7,375	10,452
<b>Net current assets</b>	<b>62,061</b>	<b>82,896</b>	<b>8,081</b>	<b>22,644</b>

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2014	31.03.2014	30.06.2014	31.03.2014
	S\$'000	(restated) S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>				
Trade payables	8,837	7,792	-	-
Other payables and accruals	1,582	543	-	-
Amounts due to subsidiaries (non-trade)	-	-	9,514	1,887
Finance lease obligations	78	-	-	-
Bank term loans, secured	11,759	10,892	-	-
Term notes, unsecured	74,056	73,931	74,056	73,931
Deferred tax liabilities	18,509	18,604	-	-
	<u>114,821</u>	<u>111,762</u>	<u>83,570</u>	<u>75,818</u>
<b>NET ASSETS</b>	<b><u>247,915</u></b>	<b><u>238,776</u></b>	<b><u>84,723</u></b>	<b><u>85,818</u></b>
<b>EQUITY</b>				
<b>Equity attributable to Owners of the Company</b>				
Share capital	50,915	50,915	50,915	50,915
Translation reserve	1,384	1,848	-	-
Accumulated profits	171,045	161,461	31,652	32,747
Other reserves	3,073	3,033	2,156	2,156
	<u>226,417</u>	<u>217,257</u>	<u>84,723</u>	<u>85,818</u>
Non-controlling interests	21,498	21,519	-	-
<b>TOTAL EQUITY</b>	<b><u>247,915</u></b>	<b><u>238,776</u></b>	<b><u>84,723</u></b>	<b><u>85,818</u></b>

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

<b>The amount repayable in one year or less, or on demand</b>			
<b>At 30.06.2014</b>		<b>At 31.03.2014</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
22,780	-	33,598	-

<b>The amount repayable after one year</b>			
<b>At 30.06.2014</b>		<b>At 31.03.2014</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,837	74,056	10,892	73,931

**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) First legal mortgage on the Group's investment properties and leasehold factory building;
- 4) Charge on fixed deposits and structured deposits;
- 5) First charge over the contract proceeds/project account arising from the construction project financed;
- 6) A first legal mortgage over the development property of a joint venture;
- 7) Legal assignment of sales proceeds from the development property of a joint venture;
- 8) Legal assignment of tenancy, rental, lease and licence agreements from development property of a joint venture;
- 9) Legal assignment of the construction contract(s) and performance bonds from development property of a joint venture;
- 10) Legal assignment of fire insurance policy from development property of a joint venture;
- 11) Corporate guarantees from all the shareholders of a joint venture in equal share ratio; and
- 12) 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.

**STATEMENT OF CASH FLOWS**

	<b>GROUP</b>	
	<b>FIRST QUARTER ENDED</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>S\$'000</b>	<b>restated S\$'000</b>
<b>Operating activities</b>		
Profit before taxation	10,441	12,183
<b>Adjustments:</b>		
Depreciation of property, plant and equipment	464	459
Amortisation of issuance costs on term notes	125	-
Gain on sale of plant and equipment	(1)	(47)
Allowance for doubtful debts	26	69
Interest expense	1,460	457
Interest income	(822)	(676)
Share of results of associates	(6,873)	(7,891)
<b>Operating cash flows before changes in working capital</b>	<b>4,820</b>	<b>4,554</b>
(Increase)/decrease in:		
Trade and other receivables, deposits and prepayments	(4,770)	(8,499)
Construction work-in-progress, net	1,091	3,065
Increase/(decrease) in:		
Trade and other payables	1,326	7,551
Deferred income	(5)	63
<b>Cash flows generated from operations</b>	<b>2,462</b>	<b>6,734</b>
Income taxes paid	(345)	(583)
Interest income received	822	676
Exchange differences	31	317
<b>Net cash flows generated from operating activities</b>	<b>2,970</b>	<b>7,144</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(255)	(100)
Purchase of investment properties	(2,788)	(1,049)
Proceeds from sale of plant and equipment	1	60
Investments in associates	-	(150)
Loans due from associates, net	(22,567)	(5,102)
<b>Net cash flows used in investing activities</b>	<b>(25,609)</b>	<b>(6,341)</b>
<b>Financing activities</b>		
Proceeds from bank term loans	1,734	347
Repayment of bank term loans	(2,170)	(226)
Proceeds from bills payable to banks	-	7,500
Repayment of bills payable to banks	(9,480)	-
Interest paid	(1,460)	(457)
Proceeds from lease obligations	90	-
Repayment of lease obligations	-	(9)
Increase in pledged fixed deposits	(6)	(1,405)
Acquisition of non-controlling interests	-	(1,890)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(11,292)</b>	<b>3,860</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(33,931)</b>	<b>4,663</b>
Effect of exchange rate changes on cash and cash equivalents	(47)	132
<b>Cash and cash equivalents at beginning of financial year</b>	<b>122,457</b>	<b>56,905</b>
<b>Cash and cash equivalents at end of financial period (Note A)</b>	<b>88,479</b>	<b>61,700</b>

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

	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances**	51,957	16,841
Fixed deposits	52,542	62,209
	<b>104,499</b>	<b>79,050</b>
Less: Pledged fixed deposits	(16,020)	(17,350)
<b>Cash and cash equivalents</b>	<b>88,479</b>	<b>61,700</b>

\*\* The Group's cash and bank balances earn interest at floating rates based on daily bank deposit rates.



UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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.

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Owners of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Translation reserve	Accumulated profits	Other reserves	Equity attributable to Owners of the Company, total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 April 2013	50,915	-	(269)	126,767	2,989	180,402	21,888	202,290	
Net profit for the financial period	-	-	-	11,417	-	11,417	71	11,488	
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	2,604	-	-	2,604	766	3,370	
Other comprehensive income for the financial period	-	-	2,604	-	-	2,604	766	3,370	
Total comprehensive income for the financial period	-	-	2,604	11,417	-	14,021	837	14,858	
<u>Contributions by and distributions to owners</u>									
Acquisition of non-controlling interests without a change in control	-	-	-	-	(107)	(107)	(1,783)	(1,890)	
Transfer to other reserves	-	-	-	(36)	36	-	-	-	
Total contributions by and distributions to owners	-	-	-	(36)	(71)	(107)	(1,783)	(1,890)	
At 30 June 2013	50,915	-	2,335	138,148	2,918	194,316	20,942	215,258	
At 1 April 2014	50,915	-	1,848	161,461	3,033	217,257	21,519	238,776	
Net profit for the financial period	-	-	-	9,624	-	9,624	112	9,736	
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	(464)	-	-	(464)	(133)	(597)	
Other comprehensive income for the financial period	-	-	(464)	-	-	(464)	(133)	(597)	
Total comprehensive income for the financial period	-	-	(464)	9,624	-	9,160	(21)	9,139	
<u>Contributions by and distributions to owners</u>									
Transfer to other reserves	-	-	-	(40)	40	-	-	-	
Total contributions by and distributions to owners	-	-	-	(40)	40	-	-	-	
At 30 June 2014	50,915	-	1,384	171,045	3,073	226,417	21,498	247,915	

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.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Total equity S\$'000
At 1 April 2013	50,915	-	14,267	2,156	67,338
Net profit for the financial period	-	-	(201)	-	(201)
Total comprehensive income for the financial period	-	-	(201)	-	(201)
At 30 June 2013	50,915	-	14,066	2,156	67,137
At 1 April 2014	50,915	-	32,747	2,156	85,818
Net profit for the financial period	-	-	(1,095)	-	(1,095)
Total comprehensive income for the financial period	-	-	(1,095)	-	(1,095)
At 30 June 2014	50,915	-	31,652	2,156	84,723

**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.**

There is no change in the Company's share capital for the period from 1 April 2014 to 30 June 2014.

**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.**

<b>Total number of issued shares excluding treasury shares:</b>	<u>Number of shares</u>
<b>Balance as at 31 March 2014 and 30 June 2014</b>	
- Ordinary Shares	414,353,307

There were no treasury shares held by the Company as at 30 June 2014 and 30 June 2013.

**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 were no sales, transfers, disposals, cancellation and/or use of treasury shares during the period ended 30 June 2014.

**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 financial statements for the audited financial year ended 31 March 2014, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014.

The Group has not adopted the following Financial Reporting Standards ("FRS") that have been issued but not yet effective for annual periods beginning on or after 1 January 2014 are:

- FRS 27 Separate Financial Statements
- FRS 28 Investments in Associates and Joint Ventures
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosure of Interests in Other Entities
- FRS 32 Offsetting Financial Assets and Financial Liabilities
- FRS 110, FRS 111 and FRS 112 Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities
- FRS 110, FRS 112 and FRS 27 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities
- FRS 36 Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets
- FRS 39 Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting
- Improvements to FRSs (January 2014)
- FRS 19 Amendments to FRS 19: Defined Benefit Plans: Employee Contributions
- Improvements to FRSs (February 2014)
- INT FRS 121 Levies

ACCOUNTING POLICIES (Cont'd)

- 4 Except for FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described in paragraph 5 below.
- 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.**

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

Management has assessed the impact of the above change in accounting standards on the Group's financial, and as a result, equity accounting for a joint venture company - Phileap Pte. Ltd. (25%) has been applied in accordance with FRS 111 and revised FRS 28. The change has been applied retrospectively, and accordingly, the financial as at 31 March 2014 have been restated.

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

The effects on the Financial Statements for the adoption of the Amendments to FRS 111 are as follows:

Increase/(decrease) in:

Statement of Financial Position

**Non-current assets**

Interests in associates  
Investment properties

**GROUP  
31.03.2014  
S\$'000**

14,793
1,041
<b>15,834</b>

**Current assets**

Development property  
Other receivables and deposits  
Fixed deposits  
Cash and bank balances

(39,849)
(9)
(2,875)
(1,074)
<b>(43,807)</b>

**Current liabilities**

Trade payables  
Other payables and accruals  
Bank term loans, secured

(908)
(170)
(26,895)
<b>(27,973)</b>

**Net current assets**

**(15,834)**

**NET ASSETS**

**-**

ACCOUNTING POLICIES (Cont'd)

5 Income Statement/Statement of Comprehensive Income

	<b>GROUP FIRST QUARTER ENDED 30.06.2013 S\$'000</b>
(Decrease)/increase in:	
Revenue	(10,115)
Cost of construction	10,363
Other income	(3)
Other operating expenses	(320)
Share of results of associates	75
<b>Net profit for the financial period</b>	<b>-</b>

EARNINGS PER SHARE

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:

	<b>GROUP FIRST QUARTER ENDED</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	(cents)	(cents)
a) On a basic basis	2.32	2.76
b) On a fully diluted basis	2.32	2.76
	<b>S\$'000</b>	<b>S\$'000</b>
Group's profit for the financial period attributable to Owners of the Company used in the computation of basic and diluted EPS	9,624	11,417
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	414,353,307	414,353,307

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.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>as at 30.06.2014</b>	<b>as at 31.03.2014</b>	<b>as at 30.06.2014</b>	<b>as at 31.03.2014</b>
Net asset value per ordinary share (cents)	54.64	52.43	20.45	20.71
Issue share capital excluding treasury shares at the end of the period/year	414,353,307	414,353,307	414,353,307	414,353,307

## REVIEW OF THE PERFORMANCE OF THE GROUP

### INCOME STATEMENT

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

### INCOME STATEMENT

#### 1QFY2015 vs 1QFY2014

##### Revenue

The Group has a total revenue of S\$62.5 million for the first quarter three months ended 30 June 2014 ("1QFY2015"), a decrease of S\$10.6 million or 14.6% compared to S\$73.1 million registered in the corresponding period ended 30 June 2013 ("1QFY2014"). The decrease was mainly due to the decrease in revenue from the construction business of S\$10.8 million or 15.0% from S\$71.7 million in 1QFY2014 to S\$60.9 million in 1QFY2015.

##### Other income

Other income decreased by S\$0.6 million from S\$1.8 million in 1QFY2014 to S\$1.2 million in 1QFY2015. The decrease was mainly due to decrease in foreign exchange gain.

##### Operating expenses

Cost of construction decreased by S\$12.5 million or 18.7% from S\$66.8 million in 1QFY2014 to S\$54.3 million in 1QFY2015 in line with the decrease in revenue for construction business.

Personnel expenses increased by S\$1.5 million from S\$1.1 million in 1QFY2014 to S\$2.6 million in 1QFY2015 mainly due to write back of provision of staff bonuses in 1QFY2014 and increase in salaries for staff and workers.

There were no significant differences in depreciation of property, plant and equipment between 1QFY2015 and 1QFY2014.

Finance costs increased by S\$1.0 million from S\$0.5 million in 1QFY2014 to S\$1.5 million 1QFY2015 mainly due to the increase on term notes issued after 1QFY2014 and increase in interest rates.

Other operating expenses decreased by S\$0.5 million or 30.6% from S\$1.8 million in 1QFY2014 to S\$1.3 million in 1QFY2015. The decrease was mainly due to decrease in unrealised exchange loss of S\$0.5 million and decrease in building maintenance expenses for investment properties of S\$0.2 million. These decrease were offset by increase in amortisation of issuance costs incurred on term notes after 1QFY2014 of S\$0.1 million.

Share of results of associates decreased by S\$1.0 million from a profit of S\$7.9 million in 1QFY2014 to S\$6.9 million in 1QFY2015 mainly due to the decrease in sales and percentage of completion recognised on the development property projects in Singapore.

Tax expenses increased in 1QFY2015 as compared to 1QFY2014 mainly due to increase in expenses incurred not allowed for tax deduction.

As a result of the above, the Group registered a decrease of net profit attributable to Owners of the company of S\$1.8 million or 15.7% from S\$11.4 million in 1QFY2014 to S\$9.6 million in 1QFY2015.

### STATEMENT OF FINANCIAL POSITION

#### Non-current assets

Property, plant and equipment ("PPE") decreased by S\$0.2 million from S\$10.1 million as at 31 March 2014 ("FY2014") as compared to S\$9.9 million as at 30 June 2014 ("1QFY2015") due to depreciation offset by new purchase of plant and equipment during the 1QFY2015.

## REVIEW OF THE PERFORMANCE OF THE GROUP

### STATEMENT OF FINANCIAL POSITION

#### Non-current assets

Interests in associates increased by S\$29.3 million from S\$121.5 million in FY2014 to S\$150.8 million in 1QFY2015 due to share of results of associates and additional loans to associates to finance the development property projects.

Investment properties increased by S\$2.2 million from S\$117.2 million in FY2014 to S\$119.4 million in 1QFY2015 mainly due to additional cost paid for the investment properties under construction in Singapore and foreign exchange differences.

Trade receivables under non-current assets increased by S\$1.8 million from S\$15.4 million in FY2014 to S\$17.2 million in 1QFY2015, mainly due to additional retention sum receivables from on-going construction projects.

#### Current assets

Trade receivables under current assets increased by S\$2.8 million from S\$32.4 million in FY2014 to S\$35.2 million in 1QFY2015 mainly due to the increase in amount of progress claims certified for construction projects in progress, of which were near completion at the end of 1QFY2015.

With a decrease in construction business and based on the progress of construction projects in 1QFY2015 as compared to FY2014, the construction work-in-progress in excess of progress billings decreased by S\$1.0 million from S\$13.4 million in FY2014 to S\$12.4 million in 1QFY2015.

#### Current liabilities

Trade payables under current liabilities increased by S\$1.5 million from S\$17.6 million in FY2014 to S\$19.1 million in 1QFY2015. The increase was mainly from the increase in billings which will be due for release of payments in the next 12 months from suppliers and subcontractors for construction projects in progress, of which were near completion as at end 1QFY2015.

Other payables and accruals under current liabilities decreased by S\$2.3 million from S\$61.1 million in FY2014 to S\$58.8 million in 1QFY2015. The decrease was mainly from decrease in accruals made for on-going construction projects.

#### Non-current liabilities

Other payables and accruals under non-current liabilities increased by S\$1.1 million from S\$0.5 million in FY2014 to S\$1.6 million in 1QFY2015. The increase was mainly due to the accruals of remaining amount payable for investment properties purchased in Singapore.

#### Total Group's borrowings

Total borrowings decreased by S\$9.7 million from S\$118.4 million in FY2014 to S\$108.7 million in 1QFY2015, mainly due to the decrease in use of bills payable to banks of S\$9.5 million and the decrease in net bank term loans of S\$0.4 million. The decrease is partially offset from additional finance lease in 1QFY2014 of S\$0.1 million.

### STATEMENT OF CASH FLOWS

Net cash flows generated from operating activities of S\$3.0 million during 1QFY2015 mainly arose from operating cash flows before changes in working capital of S\$4.8 million and interest income received of S\$0.8 million, offset by decrease in working capital of S\$2.4 million and payment made for income taxes of S\$0.3 million.

Net cash flows used in investing activities of S\$25.6 million during 1QFY2015 mainly arose from increases in loans due from associates of S\$22.6 million, purchase of investment properties of S\$2.8 million and purchase of plant and equipment of S\$0.3 million.

Net cash flows used in financing activities of S\$11.3 million during 1QFY2015 mainly arose from decrease in use of bills payable to banks of S\$9.5 million, interest payment of S\$1.5 million and net repayment of bank term loans of S\$0.4 million.

With the above mentioned, net decrease in cash and cash equivalents during 1QFY2015 was S\$33.9 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. The actual results in 1QFY2015 is in line with the commentary made on 26 May 2014 in paragraph 10 of the full year results announcement for FY2014.

**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.**

According to the latest release by the Ministry of Trade and Industry ("MTI"), the forecasted growth in Singapore's economy has narrowed from between 2% - 4% to 2.5% - 3.5%.

The construction sector grew at a slower pace of 4.4% on a year-on-year basis, compared to 6.4% in the preceding quarter. The lower rate of growth was due to a slowdown in private sector construction activities, reflecting weaker private residential building works and the decline in private commercial and industrial building works.

For the residential property market in Singapore, private condominium transactions has decreased 56% during the first half of the year 2014 compared to the same period in 2013 and prices have declined by 3.3% over the last three quarters. Despite this, the Monetary Authority of Singapore ("MAS") has indicated that it is still premature to ease the cooling measures that were introduced in recent years.

The market for office property is still holding up well with strong demand due to healthy business formations; positive economic growth and the expectation of improving office rents and occupancy rates on the back of tight supply of prime grade space in the next two years.

Cost of construction and other operating costs are likely to continue the uptrend as a result of increasing labour cost due to shortage of workers and higher levies; increasing rental for equipments; higher cost of regulatory compliance; hikes in financing cost and etc. The Group has taken measures to increase productivity and efficiency of labour usage through improvement of engineering and operational processes as well as increasing the usage of equipments and tools purchased with the assistance from Government grants.

The Group has an order book on construction projects in Singapore of more than S\$490 million as at 31 July 2014. Most of the existing residential properties under the Group such as Lincoln Suites; Cityscape @ Farrer Park; The Boutique; Sky Green; Rezi 26; Palacio; NeWest; KAP Residences and etc, have already been completely or substantially sold with prices within or better than expectation. The launched commercial property development projects under the Group so far have either achieved better or within expectation in both sales volumes and prices.

In view of the above and barring unforeseen circumstances, the Group is cautiously optimistic on the outlook of its performance in FY2015.

## 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.



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

The Group has not obtained a general mandate from shareholders for Interested Person Transactions (IPTs).

**NEGATIVE ASSURANCE**

- 14 **Negative assurance confirmation on the first quarter and three months 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 and three months ended 30 June 2014 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

12 August 2014