



KSH Holdings Limited

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

**UNAUDITED SECOND QUARTER AND HALF YEAR
FINANCIAL STATEMENTS & DIVIDEND
ANNOUNCEMENT FOR THE PERIOD ENDED
30 SEPTEMBER 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			GROUP		
	SECOND QUARTER ENDED		increase/ (decrease)	HALF YEAR ENDED		increase/ (decrease)
	30.09.2014	30.09.2013 (re-stated)		30.09.2014	30.09.2013 (re-stated)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
REVENUE						
Project revenue	61,182	76,911	(20.5)	122,088	148,563	(17.8)
Rental income from investment properties	1,483	1,619	(8.4)	3,036	3,109	(2.3)
	62,665	78,530	(20.2)	125,124	151,672	(17.5)
Other income	1,614	1,308	23.4	2,846	3,065	(7.1)
Cost of construction	(55,256)	(69,170)	(20.1)	(109,534)	(135,932)	(19.4)
Personnel expenses	(3,055)	(3,289)	(7.1)	(5,699)	(4,364)	30.6
Depreciation of property, plant and equipment	(457)	(433)	5.5	(921)	(892)	3.3
Finance costs	(1,530)	(440)	nm	(3,003)	(930)	nm
Other operating expenses	(1,983)	(1,081)	83.4	(3,247)	(2,894)	12.2
	(62,281)	(74,413)	(16.3)	(122,404)	(145,012)	(15.6)
Profit from operations before share of results of associates and joint venture	1,998	5,425	(63.2)	5,566	9,725	(42.8)
Share of results of associates and joint venture	5,598	7,901	(29.1)	12,471	15,792	(21.0)
Profit before taxation	7,596	13,326	(43.0)	18,037	25,517	(29.3)
Tax expense	(758)	(1,054)	(28.1)	(1,463)	(1,749)	(16.4)
Net profit for the financial period	6,838	12,272	(44.3)	16,574	23,768	(30.3)
Attributable to:						
- Owners of the Company	6,741	12,159	(44.6)	16,365	23,579	(30.6)
- Non-controlling interests	97	113	(14.2)	209	189	10.6
	6,838	12,272	(44.3)	16,574	23,768	(30.3)

nm: not meaningful

1 (a) (i) STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		
	SECOND QUARTER ENDED		increase/ (decrease)	HALF YEAR ENDED		increase/ (decrease)
	30.09.2014	30.09.2013		30.09.2014	30.09.2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit for the financial period	6,838	12,272	(44.3)	16,574	23,768	(30.3)
Other comprehensive income:						
- Foreign currency translation	1,903	(362)	nm	1,306	3,010	(56.6)
Other comprehensive income for the financial period, net of tax	1,903	(362)	nm	1,306	3,010	(56.6)
Total comprehensive income for the financial period	8,741	11,910	(26.6)	17,880	26,778	(33.2)
Total comprehensive income attributable to:						
- Owners of the Company	8,224	11,864	(30.7)	17,384	25,889	(32.9)
- Non-controlling interests	517	46	nm	496	889	(44.2)
	8,741	11,910	(26.6)	17,880	26,778	(33.2)

nm: not meaningful

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

	GROUP			GROUP		
	SECOND QUARTER ENDED		increase/ (decrease) %	HALF YEAR ENDED		increase/ (decrease) %
	30.09.2014	30.09.2013		30.09.2014	30.09.2013	
S\$'000	S\$'000 (re-stated)		S\$'000	S\$'000 (re-stated)		
The Group's profit before taxation is arrived at after crediting/(charging) the following:						
Interest income	827	651	27.0	1,649	1,327	24.3
Allowance for doubtful debts	(1)	(13)	(92.3)	(27)	(82)	(67.1)
Amortisation of club membership	(1)	-	nm	(1)	-	nm
Amortisation of issuance costs on term notes	(125)	-	nm	(250)	-	nm
Fair value gain/(loss) on structured deposits	9	(44)	nm	9	(44)	nm
Gain on sale of plant and equipment	39	-	nm	40	47	(14.9)
Foreign exchange gain/(loss), net	(336)	(49)	nm	(328)	(22)	nm
Interest expense	(1,498)	(405)	nm	(2,958)	(862)	nm
Profit after taxation before non-controlling interests as a percentage of turnover	10.91%	15.63%	(30.0)	13.25%	15.67%	(15.0)
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 September 2014 and 30 September 2013	2.96%	6.04%	(51.0)	7.20%	11.71%	(39.0)

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	
	30.09.2014	31.03.2014 (re-stated)	30.09.2014	31.03.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	9,781	10,088	-	-
Investments in subsidiaries	-	-	57,516	57,516
Interests in associates	186,173	121,293	-	-
Investment in a joint venture	250	250	-	-
Investment properties	121,436	117,233	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,290	2,259	-	-
Amounts due from subsidiaries (non-trade)	-	-	129,979	81,476
Trade receivables	21,112	15,418	-	-
Club membership	43	44	-	-
Other investments - quoted equity shares	1	1	-	-
Structured deposits	1,065	1,056	-	-
	342,151	267,642	187,495	138,992
Current assets				
Inventory	2	2	-	-
Trade receivables	32,655	32,371	-	-
Other receivables and deposits	1,368	1,343	26	20
Prepayments	454	415	56	70
Amounts due from a joint venture (non-trade)	21,079	20,896	-	-
Amounts due from subsidiaries (non-trade)	-	-	3,000	-
Construction work-in-progress in excess of progress billings	13,646	13,407	-	-
Fixed deposits	62,540	126,297	12,528	31,228
Cash and bank balances	18,819	12,174	606	1,778
	150,563	206,905	16,216	33,096
LIABILITIES				
Current liabilities				
Trade payables	19,241	17,580	-	-
Other payables and accruals	61,467	61,071	2,150	4,433
Deferred income	386	276	-	-
Amounts due to subsidiaries (non-trade)	-	-	6,000	-
Finance lease obligations	31	-	-	-
Provision for income tax	2,228	2,726	24	19
Progress billings in excess of construction work-in-progress	9,754	8,758	-	-
Bank term loans, secured	7,808	9,132	6,000	6,000
Bills payable to banks, secured	26,044	24,466	-	-
	126,959	124,009	14,174	10,452
Net current assets	23,604	82,896	2,042	22,644

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.09.2014	31.03.2014	30.09.2014	31.03.2014
	S\$'000	(restated) S\$'000	S\$'000	S\$'000
Non-current liabilities				
Trade payables	9,790	7,792	-	-
Other payables and accruals	1,586	543	-	-
Amounts due to subsidiaries (non-trade)	-	-	39,051	1,887
Finance lease obligations	155	-	-	-
Bank term loans, secured	11,773	10,892	-	-
Term notes, unsecured	74,181	73,931	74,181	73,931
Deferred tax liabilities	18,866	18,604	-	-
	<u>116,351</u>	<u>111,762</u>	<u>113,232</u>	<u>75,818</u>
NET ASSETS	<u>249,404</u>	<u>238,776</u>	<u>76,305</u>	<u>85,818</u>
EQUITY				
Equity attributable to Owners of the Company				
Share capital	50,915	50,915	50,915	50,915
Translation reserve	2,867	1,848	-	-
Accumulated profits	170,490	161,461	23,234	32,747
Other reserves	3,117	3,033	2,156	2,156
	<u>227,389</u>	<u>217,257</u>	<u>76,305</u>	<u>85,818</u>
Non-controlling interests	22,015	21,519	-	-
TOTAL EQUITY	<u>249,404</u>	<u>238,776</u>	<u>76,305</u>	<u>85,818</u>

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

The amount repayable in one year or less, or on demand			
At 30.09.2014		At 31.03.2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
33,883	-	33,598	-

The amount repayable after one year			
At 30.09.2014		At 31.03.2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,928	74,181	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

	GROUP		GROUP	
	SECOND QUARTER ENDED		HALF YEAR ENDED	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	S\$'000	re-stated S\$'000	S\$'000	re-stated S\$'000
Operating activities				
Profit before taxation	7,596	13,326	18,037	25,517
Adjustments:				
Depreciation of property, plant and equipment	457	433	921	892
Amortisation of club membership	1	-	1	-
Amortisation of issuance costs on term notes	125	-	250	-
Gain on sale of plant and equipment	(39)	-	(40)	(47)
Fair value (gain)/loss on structured deposits	(9)	44	(9)	44
Allowance for doubtful debts	1	13	27	82
Interest expense	1,498	405	2,958	862
Interest income	(827)	(651)	(1,649)	(1,327)
Share of results of associates and joint venture	(5,598)	(7,901)	(12,471)	(15,792)
Operating cash flows before changes in working capital	3,205	5,669	8,025	10,231
(Increase)/decrease in:				
Inventory	-	(1)	-	(1)
Trade and other receivables, deposits and prepayments	(1,288)	(2,250)	(6,058)	(10,749)
Construction work-in-progress, net	(334)	(11,748)	757	(8,683)
Increase in:				
Trade and other payables and accruals	3,766	9,004	5,092	16,555
Deferred income	115	20	110	83
Cash flows generated from operations	5,464	694	7,926	7,436
Income taxes paid	(1,561)	(1,884)	(1,906)	(2,467)
Interest income received	827	651	1,649	1,327
Exchange differences	(86)	(165)	(55)	144
Net cash flows generated from/(used in) operating activities	4,644	(704)	7,614	6,440
Investing activities				
Purchase of plant and equipment	(268)	(114)	(433)	(214)
Purchase of investment properties	-	(133)	(2,788)	(1,182)
Proceeds from sale of plant and equipment	45	-	46	60
Investments in associates	-	-	-	(150)
Loans due from associates, net	(29,848)	(3,336)	(52,415)	(8,438)
Net cash flows used in investing activities	(30,071)	(3,583)	(55,590)	(9,924)
Financing activities				
Dividends paid	(7,252)	(4,765)	(7,252)	(4,765)
Proceeds from bank term loans	-	814	1,734	1,161
Repayment of bank term loans	(115)	(113)	(2,285)	(339)
Proceeds from bills payable to banks	11,058	301	1,578	7,801
Interest paid	(1,498)	(405)	(2,958)	(862)
Repayment of lease obligations	-	(5)	-	(14)
Increase in pledged fixed deposits	(20)	1,379	(26)	(26)
Acquisition of non-controlling interests	-	-	-	(1,890)
Net cash flows generated from/(used in) financing activities	2,173	(2,794)	(9,209)	1,066
Net decrease in cash and cash equivalents	(23,254)	(7,081)	(57,185)	(2,418)
Effect of exchange rate changes on cash and cash equivalents	94	2	47	134
Cash and cash equivalents at beginning of financial period/year	88,479	61,700	122,457	56,905
Cash and cash equivalents at end of financial period (Note A)	65,319	54,621	65,319	54,621
Note A: Cash and cash equivalents at end of financial period comprise:				
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances**	18,819	14,754	18,819	14,754
Fixed deposits	62,540	55,838	62,540	55,838
	81,359	70,592	81,359	70,592
Less: Pledged fixed deposits	(16,040)	(15,971)	(16,040)	(15,971)
Cash and cash equivalents	65,319	54,621	65,319	54,621

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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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							Total equity S\$'000
	Share capital S\$'000	Treasury shares 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	
At 1 April 2013	50,915	-	(269)	126,767	2,989	180,402	21,888	202,290
Net profit for the financial period	-	-	-	23,579	-	23,579	189	23,768
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	2,309	-	-	2,309	699	3,008
Other comprehensive income for the financial period	-	-	2,309	-	-	2,309	699	3,008
Total comprehensive income for the financial period	-	-	2,309	23,579	-	25,888	888	26,776
<u>Contributions by and distributions to owners</u>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	(107)	(107)	(1,783)	(1,890)
Interim and final tax-exempt dividends on ordinary shares	-	-	-	(4,765)	-	(4,765)	-	(4,765)
Transfer to other reserves	-	-	-	(79)	79	-	-	-
Total contributions by and distributions to owners	-	-	-	(4,844)	(28)	(4,872)	(1,783)	(6,655)
At 30 September 2013	50,915	-	2,040	145,502	2,961	201,418	20,993	222,411
At 1 April 2014	50,915	-	1,848	161,461	3,033	217,257	21,519	238,776
Net profit for the financial period	-	-	-	16,365	-	16,365	209	16,574
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	1,019	-	-	1,019	287	1,306
Other comprehensive income for the financial period	-	-	1,019	-	-	1,019	287	1,306
Total comprehensive income for the financial period	-	-	1,019	16,365	-	17,384	496	17,880
<u>Contributions by and distributions to owners</u>								
Interim & final tax-exempt dividends on ordinary shares	-	-	-	(7,252)	-	(7,252)	-	(7,252)
Transfer to other reserves	-	-	-	(84)	84	-	-	-
Total contributions by and distributions to owners	-	-	-	(7,336)	84	(7,252)	-	(7,252)
At 30 September 2014	50,915	-	2,867	170,490	3,117	227,389	22,015	249,404

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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

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 loss for the financial period	-	-	(859)	-	(859)
Total comprehensive income for the financial period	-	-	(859)	-	(859)
<u>Contributions by and distributions to owners</u>					
Interim and final tax-exempt dividends on ordinary shares	-	-	(4,765)	-	(4,765)
Total contributions by and distributions to owners	-	-	(4,765)	-	(4,765)
At 30 September 2013	50,915	-	8,643	2,156	61,714
At 1 April 2014	50,915	-	32,747	2,156	85,818
Net loss for the financial period	-	-	(2,261)	-	(2,261)
Total comprehensive income for the financial period	-	-	(2,261)	-	(2,261)
<u>Contributions by and distributions to owners</u>					
Interim and final tax-exempt dividends on ordinary shares	-	-	(7,252)	-	(7,252)
Total contributions by and distributions to owners	-	-	(7,252)	-	(7,252)
At 30 September 2014	50,915	-	23,234	2,156	76,305

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 September 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.**

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

There were no treasury shares held by the Company as at 30 September 2014 and 30 September 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 September 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 April 2014.

- 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.

ACCOUNTING POLICIES (Cont'd)

- 5 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 for the comparative period 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 a joint venture
Investment properties

**GROUP
31.03.2014
S\$'000**

14,793
1,041
15,834

Current assets

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

(39,849)
(9)
(2,875)
(1,074)
(43,807)

Current liabilities

Trade payables
Other payables and accruals
Bank term loans, secured

(908)
(170)
(26,895)
(27,973)

Net current assets

(15,834)

NET ASSETS

-

Income Statement/Statement of Comprehensive Income

**GROUP
SECOND QUARTER ENDED
30.09.2013
S\$'000**

(Decrease)/increase in:

Revenue
Cost of construction
Other income
Other operating expenses
Share of results of joint venture

(20,638)
21,099
(6)
(832)
377

Net profit for the financial period

-

ACCOUNTING POLICIES (Cont'd)

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:

	GROUP SECOND QUARTER ENDED		GROUP HALF YEAR ENDED	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	(cents)	(cents)	(cents)	(cents)
a) On a basic basis	1.63	2.93	3.95	5.69
b) On a fully diluted basis	1.63	2.93	3.95	5.69
	S\$'000	S\$'000	S\$'000	S\$'000
Group's profit for the financial period attributable to Owners of the Company used in the computation of basic and diluted EPS	6,741	12,159	16,365	23,579
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	414,353,307	414,353,307	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.

	GROUP		COMPANY	
	as at 30.09.2014	as at 31.03.2014	as at 30.09.2014	as at 31.03.2014
Net asset value per ordinary share (cents)	54.88	52.43	18.42	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

- 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

2QFY2015 vs 2QFY2014

Revenue

The Group has a total revenue of S\$62.7 million for the second quarter ended 30 September 2014 ("2QFY2015"), a decrease of S\$15.8 million or 20.2% compared to S\$78.5 million registered in the corresponding financial period ended 30 September 2013 ("2QFY2014"). The decrease was mainly due to the decrease in revenue from the construction business of S\$15.7 million or 20.5% from S\$76.9 million in 2QFY2014 to S\$61.2 million in 2QFY2015.

REVIEW OF THE PERFORMANCE OF THE GROUP

INCOME STATEMENT

2QFY2015 vs 2QFY2014

Other income

Other income increased by S\$0.3 million from S\$1.3 million in 2QFY2014 to S\$1.6 million in 2QFY2015, mainly due to the increase in interest income.

Operating expenses

Cost of construction decreased by S\$13.9 million or 20.1% from S\$69.2 million in 2QFY2014 to S\$55.3 million in 2QFY2015 in line with the decrease in revenue for construction business.

Personnel expenses decreased by S\$0.2 million or 7.1% from S\$3.3 million in 2QFY2014 to S\$3.1 million in 2QFY2015 mainly due to saving in workers accommodation cost with the completion of a workers dormitory.

There were no significant differences in depreciation of property, plant and equipment between 2QFY2015 and 2QFY2014.

Finance costs increased by S\$1.0 million from S\$0.5 million in 2QFY2014 to S\$1.5 million 2QFY2015 mainly due to the term notes issued in November 2013 and increase in Group's borrowings.

Other operating expenses increased by S\$0.9 million or 83.4% from S\$1.1 million in 2QFY2014 to S\$2.0 million in 2QFY2015. mainly due to increase in exchange loss of S\$0.7 million, increase in amortisation of issuance costs on term notes of S\$0.1 million and increase in sponsorship of S\$0.1 million.

Share of results of associates and joint venture decreased by S\$2.3 million or 29.1% from a profit of S\$7.9 million in 2QFY2014 to S\$5.6 million in 2QFY2015 mainly due to the decrease in both sales and percentage of completion recognised on the development property projects in Singapore.

Tax expense decreased by S\$0.3 million or 28.1% from S\$1.1 million in 2QFY2014 to S\$0.8 million in 2QFY2015 due to the decrease in profit from operations before share of results of associates and joint venture. The effective tax rate of the Group in 2QFY2015 was higher than 2QFY2014 due to the 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\$5.5 million or 44.6% from S\$12.2 million in 2QFY2014 to S\$6.7 million in 2QFY2015.

1HFY2015 vs 1HFY2014

Revenue

The Group has a total revenue of S\$125.1 million for the half year ended 30 September 2014 ("1HFY2015"), a decrease of S\$26.6 million or 17.5% compared to S\$151.7 million registered in the corresponding half year period ended 30 September 2013 ("1HFY2014"). The decrease was mainly due to the decrease in revenue from the construction business of S\$26.5 million or 17.8% from S\$148.6 million in 1HFY2014 to S\$122.1 million in 1HFY2015.

Other income

Other income decreased by S\$0.3 million or 7.1% from S\$3.1 million in 1HFY2014 to S\$2.8 million in 1HFY2015. The decrease was mainly due to decrease in management fees from associates of S\$0.3 million.

Operating expenses

Cost of construction decreased by S\$26.4 million or 19.4% from S\$135.9 million in 1HFY2014 to S\$109.5 million in 1HFY2015 mainly due to the decrease in revenue for construction business.

REVIEW OF THE PERFORMANCE OF THE GROUP

Operating expenses

Personnel expenses increased by S\$1.3 million or 30.6% from S\$4.4 million in 1HFY2014 to S\$5.7 million in 1HFY2015 mainly due to writeback of provision of staff & workers bonuses in 1QFY2014 and increase in salaries and wages for staff and workers, partially offset by savings in workers accommodation cost with the completion of a workers dormitory.

There were no significant differences in depreciation of property, plant and equipment between 1HFY2015 and 1HFY2014.

Finance costs increased by S\$2.1 million from S\$0.9 million in 1HFY2014 to S\$3.0 million 1HFY2015 mainly due to the term notes issued in November 2013 and increase in Group's borrowings.

Other operating expenses increased by S\$0.3 million or 12.2% from S\$2.9 million in 1HFY2014 to S\$3.2 million in 1HFY2015 mainly due to increase in exchange loss of S\$0.2 million, increase in amortisation of issuance costs on term notes of S\$0.2 million, and increase in sponsorship of S\$0.1 million. The increase is partially offset by the decrease in building maintenance cost of expenses for investment properties of S\$0.3 million.

Share of results of associates and joint venture decreased by S\$3.3 million or 21.0% from S\$15.8 million in 1HFY2014 to S\$12.5 million in 1HFY2015 mainly due to the decrease in both sales and percentage of completion recognised on the development property projects in Singapore.

Tax expense decreased by S\$0.2 million or 16.4% from S\$1.7 million in 1HFY2014 to S\$1.5 million in 1HFY2015 due to the decrease in profit from operations before share of results of associates and joint venture. The effective tax rate of the Group in 1HFY2015 was higher than 1HFY2014 due to the 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\$7.2 million or 30.6% from S\$23.6 million in 1HFY2014 to S\$16.4 million in 1HFY2015.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment ("PPE") decreased by S\$0.3 million from S\$10.1 million as at 31 March 2014 ("FY2014") as compared to S\$9.8 million as at 30` September 2014 ("1HFY2015") due to depreciation offset by new purchase of plant and equipment during the 1HFY2015.

Interests in associates increased by S\$64.9 million from S\$121.3 million in FY2014 to S\$186.2 million in 1HFY2015 due to share of results of associates and additional loans to associates to finance the development property projects.

Investment properties increased by S\$4.2 million from S\$117.2 million in FY2014 to S\$121.4 million in 1HFY2015 mainly due to purchase of the investment properties in Singapore and foreign exchange differences.

Trade receivables under non-current assets increased by S\$5.7 million from S\$15.4 million in FY2014 to S\$21.1 million in 1HFY2015, mainly due to additional retention sum receivables from on-going construction projects.

Current assets

There were no significant differences in current assets other than fixed deposits and cash and bank balances between 1HFY2015 and 1HFY2014.

Current liabilities

Trade payables under current liabilities increased by S\$1.6 million from S\$17.6 million in FY2014 to S\$19.2 million in 1HFY2015. The increase was mainly to the increase in billings from suppliers and subcontractors which will be due for release of payments in the next 12 months for construction projects in progress, of which were near completion as at end 1HFY2015.

REVIEW OF THE PERFORMANCE OF THE GROUP

STATEMENT OF FINANCIAL POSITION

Current liabilities

Based on the progress of construction projects in 1HFY2015 as compared to FY2014, the progress billings in excess of the construction work-in-progress increased by S\$1.0 million from S\$8.8 million to S\$9.8 million in 1HFY2015 for construction projects in progress, of which were near completion as at end of 1HFY2015.

Non-current liabilities

Trade payables under non-current liabilities increased by S\$2.0 million from S\$7.8 million in FY2014 to S\$9.8 million in 1HFY2015. The increase was mainly from increase in retention sum from subcontractors for construction projects in progress, of which were near completion as at end of 1HFY2015.

Total Group's borrowings

Total borrowings increased by S\$1.6 million from S\$118.4 million in FY2014 to S\$120.0 million in 1HFY2015, mainly due to the increase in use of bills payable to banks.

STATEMENT OF CASH FLOWS

Net cash flows generated from operating activities of S\$7.6 million during 1HFY2015 mainly arose from operating cash flows before changes in working capital of S\$8.0 million and interest income received of S\$1.6 million, partially offset by payment made for income taxes of S\$1.9 million and decrease in working capital of S\$0.1 million.

Net cash flows used in investing activities of S\$55.6 million during 1HFY2015 mainly arose from increases in loans due from associates of S\$52.4 million, purchase of investment properties of S\$2.8 million and purchase of plant and equipment of S\$0.4 million.

Net cash flows used in financing activities of S\$9.2 million during 1HFY2015 mainly arose from dividends payment of S\$7.3 million, interest payment of S\$3.0 million and net repayment of bank term loans of S\$0.6 million, partially offset by the increase in use of bills payable to banks of S\$1.6 million.

With the above mentioned, net decrease in cash and cash equivalents during 1HFY2015 was S\$57.2 million.

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 2QFY2015 is in line with the commentary made on 12 August 2014 in paragraph 10 of the first quarter results announcement for 1QFY2015.

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.

Singapore's economy has grown by 2.4% year-on-year in the third quarter this year according to the Monetary Authority of Singapore ("MAS") and the Ministry of Trade and Industry Singapore ("MTI"). Despite sluggish global economic conditions and ongoing domestic restructuring, Singapore economy remains healthy with a forecasted growth between 2.5% to 3.5% this year and is expected to grow at a moderate pace over the next few quarters.

Based on advance estimates released by MTI, the construction sector grew by 1.4% in the third quarter of this year on a year-on-year basis, moderating from the 4.1% growth in the previous quarter. On a quarter-on-quarter basis, the sector contracted at an annualised rate of 2.7%, following the 2.4% contraction in the previous quarter due to the effects of the manpower crunch, weaker private sector construction activities with the slowing of residential property market and recent delays in public sector projects.

Despite the slowdown in residential property market, the Singapore Government has signalled that it is not intending to relax property cooling measures any time soon as it is still not the right time to wind down those cooling measures and that there is still room for prices to moderate.

REVIEW OF THE PERFORMANCE OF THE GROUP

- 10 According to the Urban Redevelopment Authority (“URA”), prices of office space increased by 1.6% in the third quarter of the year with a decline in vacancy rates for office space to 8.4% cent, compared to 9.6% at the end of the second quarter, while rental prices of office space rose 2.6% in the same period. The demand for prime grade office space remains positive with healthy business formations and positive economic growth in Singapore.

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 cost for equipment; 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 continued training of workers; improvement of engineering and operational processes as well as increasing the usage of equipment and tools purchased with the assistance from Government grants. The Government has recently indicated that there should be no further major tightening to the foreign labour inflow policies, in particular there will be no further reduction in the Dependency Ratios anytime soon, hence, the Group believes that the labour supply for construction industry in Singapore will be stabilizing.

The Group has an order book on construction projects in Singapore of more than S\$426 million as at 30 September 2014.

Most of the existing residential development and mixed development properties under the Group such as Lincoln Suites; Cityscape@FarrerPark; The Boutiq; SkyGreen; Rezi26; Palacio; NeWest; KAP & KAP Residences and etc, have already been completely or substantially sold with prices within or better than expectation. The launched commercial and office property development projects under the Group are within expectation in both sales volumes and prices.

During the month of September 2014, the acquisition of Prudential Tower, a Grade A office building located at the Raffles Place precinct with almost full occupancy, has been completed by the Group’s 25% owned associated company. The building has good tenant mix and continues to generate good recurring rental income given its prime location.

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? **Yes**

	(Tax Exempt 1-Tier)
Name of Dividend	Interim Ordinary
Dividend Type	Cash
Dividend Rate	1.25 cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

	(Tax Exempt 1-Tier)
Name of Dividend	Interim Ordinary
Date of Payment	29.11.2013
Dividend Type	Cash
Dividend Rate	1.25 cents per ordinary share

(c) Date payable

The date payable for the proposed interim dividend will be payable on or about 8 December 2014.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and the Register of Members of the Company will be closed from 5.00 pm on 28 November 2014 for the purpose of determining shareholders' entitlement to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 pm on 28 November 2014 will be registered to determine shareholders' entitlements to the proposed interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 28 November 2014 will be entitled to the proposed interim dividend.

12 If no dividend has been declared/recommended, 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 second quarter and half year 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 second quarter and half financial year ended 30 September 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

13 November 2014